

Town of Buena Vista

Economic Assessment

Phase 2 Report



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1 | Executive Summary

“Buena Vista is one of the last mountain towns that is still attainable.”

*Dave Blazer
Buena Vista Business Owner*

Buena Vista is full of great potential and endless possibilities but the Town will find lasting success and meaningful progress as it understands its foundational principles and seeks economic development in accordance with those guiding precepts. The purpose of the Phase 2 Report of the Economic Assessment is to answer the question, “Where do we want to go?”

The report builds on the Phase 1 Report which answered the question, “Who are we?” For the Phase 1 Report, the Town’s economic and demographic data were analyzed, prior studies reviewed and dozens of interviews with community stakeholders conducted. From those sources, a comprehensive analysis of the Town was formed.

The Phase 2 Report builds on the findings from Phase 1 and includes input received from a Community Forum held on April 24, 2017 and a meeting with the Economic Vitality Board on April 25, 2017. The report establishes the guiding principles that should guide future economic development, provides a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis and then identified Primary Opportunity Areas.

Guiding Principles

The 2015 Comprehensive Plan and 2015 Community Trails Plan were referenced to determine what had already been identified as community priorities. Most of the observations from the stakeholder interviews, the community forum and the EVAB Board meeting paralleled the findings from the earlier studies. This outcome is to be expected as the Comprehensive Plan in particular involved extensive community outreach and polling. The six principles from the Comprehensive Plan have therefore been reiterated here as Economic Development Guiding Principles. Narrative has been added that explains how these principles relate to economic development and how they should guide future development decisions.

SWOT Analysis

The final section of this report shows the responses from the community and the EVAB board as they were asked to participate in a SWOT analysis using real-time on-line polling. The community input was valuable and together with the insights gleaned from the Phase 1 report informed the SWOT analysis that is presented herein. The SWOT analysis section is not intended to be a comprehensive listing of every element of the community that could be considered a strength or weakness but rather a curated list of those items that are the most critical.

Primary Opportunity Areas

Building on the understanding of where the community wants to go from the Guiding Principles and filtering the broad range of all potential opportunities based on the SWOT analysis, the

following were identified as potential industries for development:

- Biotech
- Remote / Location Neutral Workers
- Geothermal
- Tourism
- Drone / UAS
- Light Manufacturing – Manufactured Homes
- Housing

In addition to those industries, the following recommendations were made:

- Empower EVAB Board
- Community Coffees
- Emphasize Live Music
- 'Business Friendly' Analysis
- Child Care

Buena Vista



2 | Guiding Principles

“I like sustainable, intelligent growth.”

Jay Boyd
Economic Vitality Board

Communities lose their identities and sacrifice their character when they permit growth and development in a vacuum of guidance and strategic direction. In order to have principle-based development, there must be agreed-upon tenets that guide all decisions. The articulation of the Town’s priorities and overarching objectives must precede the strategic recommendations because these principles inform and guide the strategies. This section identifies and explains the practical application of those principles that are most critical in guiding Buena Vista’s economic development.

Residents of Buena Vista love their town. They appreciate the quality of life that it affords and want to maintain all the attributes that make the Town such a fantastic place to live while also improving economic prosperity. The overarching economic objective is to maintain the Town’s identity while also achieving intelligent, deliberate growth.

The meta-principle, therefore, that informs all others is articulated in the 2015 Comprehensive Plan –

*“We want to increase long-term prosperity for Buena Vista citizens in a manner that encourages sustainability, **smart growth**, diversification, capitalizes on our strengths, and improves quality of life.” [emphasis added]*

The Town is making tremendous strides, does not need to succumb to the temptation to pursue growth for the sake of growth and can afford to be selective. A corollary to Smart, Deliberate Growth comes from the field of ancient medicine.

First, Do No Harm

In the ancient text - Epidemics, Book I of the Hippocratic School, aspiring physicians were instructed, “Practice two things in your dealings with disease: either help or do not harm the patient.” The phrase has been condensed in contemporary literature to “First, do no harm.”

Buena Vista is such an outstanding community and is on such an impressive trajectory that a primary guiding principle must be to ensure that nothing interferes with the Town’s glide path – first, do no harm. Any changes or development must be accretive to the overall culture, standard of living, appearance and economic well-being of the Town.

In 2015, Buena Vista engaged in a very thorough public process that included community meetings, focus groups, open houses, surveys, steering committees and public charrettes. This process culminated in the 2015 Comprehensive Plan.

The Comprehensive Plan articulates six principles that make up the Collective Vision Statement. These principles reflect the

considered will of the community and must guide economic development. The principles are repeated below with explanations of how they inform this Economic Development Master Plan.

General Community Character

We envision the town as a clean, safe, quiet, and secure community that is a desirable place to live, work, and play – an altogether good place to raise our children.

Buena Vista has an enviable culture and a remarkable quality of life. Preserving the essence of the community is much more important than enhancing economic prosperity or any other consideration. All economic decisions should be viewed through the lens of how they will impact the community's character. Smart, deliberate growth will enhance the quality of life while also preserving all that is best about the Town.

Buena Vista has a robust 'coffee culture' where residents love to get together, share news and greet neighbors. This spirit of community – manifest in the many coffee shops that are bustling with locals at all times of the day, is a key reason for the Town's cohesiveness and esprit de corps.

Strengthening cultural institutions will also be a key part of maintaining the Town's character. Public art and especially emphasizing and growing the live music scene will be important in maintaining the Town's unique identity and cool culture.

Another component of the community's character is the wealth of capable and intelligent individuals who chose to live in Buena Vista. Keeping the Town an attractive and welcoming place for high-ability individuals will be a key to perpetuating Buena Vista's unique and vibrant culture.

Community Spirit

Our collective community consists of friendly, well-informed people who feel they can make a difference, have an impact in determining their future and their quality of life, and enjoy their freedom of expression.

The Town's community spirit manifests itself in its sense of neighborhood and caring for one another but also in its community spirit and the determination of so many to become involved and help make a difference. So many communities fight apathy and long for more community engagement while one of Buena Vista's biggest challenges is in coordinating the efforts of so many who are working diligently.

Consolidating coordination of the various community efforts and initiatives under the EVAB Board would be an important step in channeling the community spirit and ensuring that everyone is 'rowing in the same direction'.

Community Appearance

The town we envision has a defined sense of place as expressed in its history and architecture.

The renaissance of Main Street is a great rural success story. The vision and passion demonstrated by the architects of the

revitalization are exemplary and exceptional. The efforts must be ongoing and every year more buildings must be renovated. Furthermore, any new buildings must be compatible with the targeted aesthetics. Voluntary design standards should be designed for areas outside of Main Street – principally Highway 24, that provide a template and palette for businesses to follow as they do façade upgrades.

Finally, the revitalization of Main Street must spark a determination in home owners to take pride in their homes. An emphasis on making every corner of Buena Vista's built environment match the beauty of the surrounding natural environment will create positive peer pressure on residents.

Community Services

The town of our vision has high-quality education, and medical and emergency response services, as well as quality, efficient, and well maintained parks and public buildings. The town's public servants exhibit an excellent level of public service, including approachability, honesty and helpfulness. Our town government and community leaders demonstrate accountability, consistency and visibility. We engage in a high level of cooperation with surrounding governmental and nongovernmental entities.

The Town has created a culture of openness and customer service. Concerns about the burdens placed on businesses by regulations and policies could be valid or unfounded. It is important to have objective, third party analysis conducted to establish benchmarks and either address deficiencies or

communicate to concerned parties that objective performance standards are being met.

The Town does an excellent job maintaining its public assets and does a great job getting maximal productivity from its resources. As the community's economic prospects improve, there will be opportunities to upgrade facilities.

Expedited implementation of the 2015 Community Trails Plan is a community development imperative and would have a profound impact on the quality of life of Town residents. The Barbara Whipple Trail system on the east side of the Arkansas River is spectacular and a key differentiator for the Town. Creating a system of feeder trails and access points to those trails from the Town would bring the enjoyment of those trails to a much larger portion of the population. Urban trails are a highly-utilized community asset that provides disproportionate large community benefit compared to their costs.

Environment

We desire a community where urban, rural and agricultural land uses can coexist in a well-planned pattern. Land use decisions are made with thoughtfulness and an eye toward sustainability. We want a healthy community with clean air and water.

New businesses must not inflict damage to the Town's environment and must employ best sustainability practices. An extreme example would be a plant that belches clouds of smoke into the air or fouls the Arkansas River - it may bring many high-paying jobs but would be incongruous with the values of the

Town and would ultimately harm one of its greatest assets, its natural environment.

Furthermore businesses, innovations and solutions should be sought that strengthen the sustainability of the community. Leveraging the potential of the area's geothermal resources, for example, would be an excellent way for the community to decrease its carbon footprint while potentially lowering a key cost of doing business – electricity.

Economy

We envision a community in which all citizens enjoy financial prosperity and can find an affordable place to live. The town has a bustling downtown community core with abundant and diverse retail establishments. We continually strive for economic diversity within the community. Our town government is economically stable and viable.

At present, there is an acute shortage of affordable housing for workers at both ends of the wage scale. While the current housing situation is more of a tactical concern and can be addressed in the short term, it presages a challenge that could become chronic and endemic to the Town. There are many examples of mountain communities that have experienced such growth in home values that local, working-class families can no longer afford to live in the area. It is, therefore, imperative to ensure a consistent supply of affordable housing that keeps prices in check and prevents the speculative investment that can make the real estate market an irrational frenzy.

Diversifying the economy from its reliance on tourism and retail and the prison will be a key driver of the Town's future economic success. Because the objective is not to see large growth in the population but rather an increase in the number of high-paying, professional employment opportunities, care must be exercised to ensure that the recruitment focus is only on jobs that would be accretive to the Town's median incomes and quality of employment. Employers who bring in lower-paid / lower-skilled jobs would just exacerbate an already tight labor market for that spectrum of the workforce and would add population without contributing to the quality of life. Businesses and industries should be recruited deliberately and strategically.

Helping existing businesses survive and thrive must also be a key imperative. Creating greater traffic and demand during the off season allows businesses to leverage existing assets and employees to garner higher returns.

East Main Street



3 | SWOT Analysis

“This is an intentional place to live. People live in BV because they love it and are willing to make it work despite the challenges.”

*Trey Shelton
Planning and Zoning Commission Chair*

A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis reviews and characterizes a community's characteristics. This exercise facilitates understanding of a community's native assets, those factors which could impede progress and provides ideas about future direction. The SWOT analysis reflects a synthesis of information gleaned from the stakeholder interviews, demographic, financial and business research, community forums and meeting with the EVAB Board. To facilitate more focused analysis, separate SWOT matrices were completed for each of the three facets of economic development, namely community development, economic development and workforce development. This is not intended to be a comprehensive list of everything about the Town that could be characterized as a strength, weakness, opportunity or threat but rather is a prioritized, filtered compilation of those things that are most significant. Some of those items cited by the community were not included in the final lists not because they lacked merit but simply because an inclusion of every

suggestion would dilute the focus on those items of the greatest significance and practicability.

Economic Development

“Economic Development” refers to everything that deals with industry, jobs and workers and includes tourism, public incentives, entrepreneurial infrastructure and human capital. Buena Vista’s attributes relative to Economic Development are listed below:

STRENGTHS

- Robust tourism (exposure for the Town)
- Strong retail (contrary to national trends)
- Easy to attract workers
- Great place for location-neutral workers
- Geothermal assets
- Good and improving broadband
- Low wages
- Export of artisan products (spirits & coffee)

OPPORTUNITIES

- Bio Tech (TopoGEN Incubator)
- Drone Industry
 - Conferences
 - Manufacturing
- Location-neutral workers
- Geothermal energy / heat production
- Strengthen entrepreneurial culture
- Business sabbatical destination
- Outdoor recreation manufacturing
- Regional manufacturing
- Research and development
- Recruit or create STEM / Tech jobs
- Protect and promote federal land
- Assisted living facilities
- Expand FEDEX distribution hub
- Incentives for local businesses creating jobs
- More sports tournaments (less knows sports)
- Increase linkages with Mt. Princeton
- Curated winter recreation packages
- Increase minimum wage
- Analyze ‘Business Friendliness’ of Town

WEAKNESSES

- Housing shortages
- Workforce shortages
- Quality of workforce
- Long-term limitations on available water
- High utility rates
- Seasonality
- Perception that it is hard to business with the City

THREATS

- Drought
- Uneven geographical participation in growth could strain sense of community unity and cooperation
- Constraints on growth due to water rights

The matrix of the opportunities is presented below with the same metrics: the size of the bubble represents the magnitude of the potential impact, the horizontal axis reflects the community interest or synergy and the vertical axis estimates the ease of implementation (higher numbers reflect easier-to-implement initiatives).



Observations

The two initiatives that stand out as the best prospects are the Bio Tech incubator that TopoGEN is developing and increasing linkages to Mt. Princeton. The TopoGEN incubator has been under development for some time and is progressing well. The Chaffee County Economic Development Corporation has been working actively with TopoGEN to help structure and find financing for the project. Recently, Chaffee County EDC helped TopoGEN apply for an EDA grant to bring further capital to the project. This initiative has enormous potential to bring up-and-coming firms in the rapidly-expanding biotech sector to Buena Vista. These would be high-paying, professional jobs that would improve the County's median income and provide great jobs for BV's best and brightest.

From anecdotal reports, the economic linkages between the Mt. Princeton resort and the Town have improved over time and many visitors to the resort come to Buena Vista to enjoy what it has to offer. The challenge is that Salida is roughly equidistant from the resort as is Buena Vista so it is critical that there be specific draws that are effectively communicated in order to draw these visitors. While tourism is not a target industry, improving the percentage of Mt. Princeton visitors who visit and spend money in the Town should not be inordinately expensive and could help with the slower seasons.

The 2015 Comprehensive Plan highlighted the perception that it is difficult to do business with the Town and that the regulations are "onerous". In some sense, the Town would not be doing its job as a regulator and to ensure the safety and

welfare of its residents if it were not enforcing restrictions that some saw as onerous. On the other hand, permitting and licensing processes that are lengthy and impose burdens can be impediments for business growth and can throw sand in the gears of commerce. It is advisable to commission an independent, third-party assessment of the Town's activities to assess whether they are "Business Friendly". This assessment can lead to changes which will improve the business climate and / or provide impartial validation of the Town's processes and policies.

The creation of incentives for local businesses to create jobs is an intriguing opportunity. Local business owners have put forward the idea that the best use of public resources and economic development efforts may be in providing the existing businesses with incentives for every job they create. One idea would be to create a housing voucher that would be provided to the employer to be distributed to an employee who is filling a new position. The housing voucher would be for a defined time-period and would help the workers be able to afford local accommodations without the business owner having to increase salaries. It is a concept that needs to be developed further but could be a cutting-edge approach to helping local businesses to grow.

The curated winter recreation package is a concept that could have benefit for businesses in the Town that struggle through the slow winter months. There are plenty of great winter activities in Buena Vista (fat tire biking, snowshoeing, cross country skiing, swimming at Mt. Princeton and skiing at SkiCooper or another resort). If a package was created that

provided tourists with an easy way to stay in Buena Vista and enjoy all of these activities without having to make the individual arrangements, it could be a potentially lucrative market for the town.

Support of the drone industry and local-neutral workers are two other opportunities that could have positive returns for the community. These are two high-growth industries for which Buena Vista has natural strategic advantages. Buena Vista has a tremendous quality of life, a pool of bright and capable workers and an airport permitted and well-suited for drone operations and could be an excellent location for a company in the drone industry. The quality of life gives the Town undeniable appeal as a base for location-neutral workers though the distance to a major commercial airport is a challenge.

Taking advantage of the area's geothermal resources is a large, complicated undertaking that would entail years of studies and research and hundreds of millions of dollars of investments. The project is not on the community's collective radar and very few in stakeholder interviews mentioned the area's geothermal resources and it was not discussed in the community forum. Despite the lack of community awareness and interest, however, the project has significant potential to change the cost of doing business, reduce the cost of living in the Town and burnish the Town's sustainability credentials.

Finally, there is consistent and strong community support for the concept of supporting local entrepreneurs. Of the 250 businesses in the greater Buena Vista area, nearly 88% have 11

employees or fewer. If only 20% of these employers were to add an employee the increase of 50 jobs would represent a substantial increase in economic prospects for the Town. Unfortunately, achieving these gains is not as simple as the math might indicate. Most of the small businesses that were interviewed are struggling and are far from being able to add headcount. The tools that are available at a macro level to help businesses in such disparate industries and with such different challenges are rather limited.

Workforce Development

“Workforce Development” considers all the factors that affect the size, quality and skills of the workforce. Buena Vista’s attributes relative to Workforce Development are listed below:

STRENGTHS

- High quality of life
 - Easy to recruit workers
- High number of intelligent, capable individuals
- Colorado Mountain College
 - Leadership of Rachel Pokrandt

OPPORTUNITIES

- Trade / technical school
 - Construction trades
 - Programming degrees
- Student housing
- Recruit former seasonal workers to return – bring their businesses
- Utilize smart and capable workforce
- Recruit professional job opportunities
- Combine outdoor recreation with a trades school
- Improved daycare offerings

WEAKNESSES

- Soft skills deficits among workers
- Not enough people entering the trades
- Transient workforce (seasonal)
- Wages rising for low-skill workers because of insufficient supply
- Affordable housing – especially for low-skilled workers during the summer
- 32% of workforce with bachelor’s degree or higher (38% in Colorado)
- Few jobs opportunities requiring degrees
- Few revenue opportunities for the college

THREATS

- CMC closure / downsizing
- Wage pressures

The matrix of the opportunities for workforce development is presented below with the metrics: the size of the bubble representing the magnitude of the potential impact, the horizontal axis reflects the community interest or synergy and the vertical axis estimating the ease of implementation (higher numbers reflect easier-to-implement initiatives).



Observations

The long-term economic vitality of Buena Vista will rely more on its ability to attract skilled and intelligent workers than anything else. Attracting and retaining human capital that creates and strengthens businesses and communities is key to building a thriving community in the knowledge economy. Much of the emphasis of the community development opportunities center around strengthening Buena Vista's positioning as a community of choice for talented workers. Creating jobs for such workers (STEM and professional opportunities), therefore become key imperatives.

Many of the opportunities under Workforce Development aren't standalone projects but would be part of economic development initiatives. For example, utilizing the Town's smart and capable workforce is just a platitude until paired with a specific target industry like biotech or drone research. It is interesting to note the inverse relationship between the feasibility of the opportunity and its interest in the community. In other words, those opportunities that are of most interest to the community are also those that are most challenging to implement.

The recruitment of former seasonal employees who have worked in Buena Vista is a concept that has certain merit and potential. Many of the most capable entrepreneurs and successful community leaders originally came to the Town as river guides or other similar seasonal employment and then took advantage when the opportunity to return to Buena Vista presented itself. There may be many former river guides who

would relish the opportunity to return and who could bring valuable skills and resources to the Town.

The paucity of daycare options was cited by many as a key impediment to workforce participation for some parents. Removing or mitigating this challenge would allow more parents to enter the workforce and improve the returns on their labor participation.

The concept of constructing student housing for a trade or technical school that is available for seasonal workers during the summer months has good support in the community. The availability of housing for seasonal workers addresses a key social challenge while also making it easier for companies that employ seasonal workers to recruit.

Community Development

“Live Deliberately.”

Jacob Mueller
Business Owner

“Community Development” contemplates all aspects of community life that contribute to quality of life and define its character. Some of the components of Community Development include:

- Housing
- Amenities
 - Entertainment
 - Retail
 - Community
 - Restaurants
- Social Services
- Schools / Education

Buena Vista’s attributes relative to Community Development are listed below:

STRENGTHS

- Community spirit
- Community resilience
- Main Street revitalization
- Great outdoor recreation assets / lifestyle
- 'Coffee Culture' – community gathering
- Community support of local businesses / 'intentional' purchasing
- Strong sense of identity - No national retailers or big box
- Live music scene
- Very active community (1200 involved in rec programs!)
- Good Public Schools
- Colorado Mountain College
- Preservation of historic assets
- Mt. Princeton Resort

OPPORTUNITIES

- Empower EVAB – make it the coordinating Board
- Increase coordination / communication among entities, organizations and businesses
- Begin 'community coffee'
- Enhance the trail system - make connections to downtown and housing
- Affordable housing for workforce
- Address housing shortage for seasonal workers
- Trade / technical school
- Revitalize Chamber of Commerce
- Create an annual vacation rental permitting fee to help cover costs of affordable housing.
- Create a gateway to Main Street along Highway 24
- Increase urban camping
- Increase the amount of public art
- Emphasize live music
- Recreation Center
- Have a community gathering space – amphitheater, performing arts center, community center, etc.
- Post-construction Highway 24 beautification
- Make Charles Street off Hwy 24 into parking
- Enhance wayfinding and branding
- Improve public schools' physical infrastructure
- Improve urban planning
- Improve community aesthetics
- Transportation system improvements

WEAKNESSES

- Few subcontractors = High building costs
- Building codes are perceived as onerous to small developers
- Divergent views on growth and development / the future of the community
- Resistance to change
- Grocery store is inadequate and has too little parking
- Inadequate / insufficient daycare
- Community events need a refresh
- Cost of living is high relative to income
- Few amenities and indoor recreation activities (though disproportionately more than merited for the size of the Town)

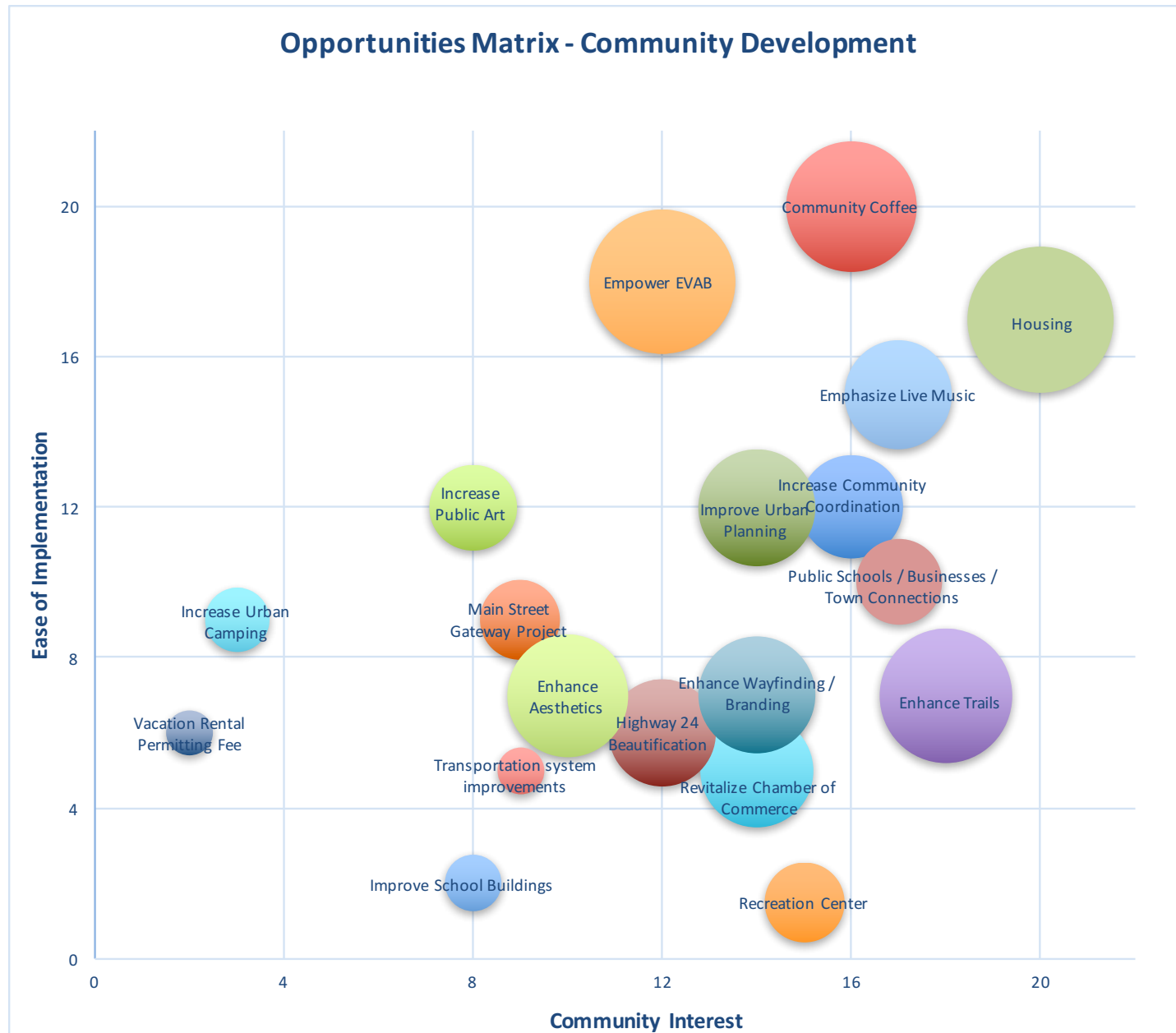
THREATS

- Multiple groups working to solve same problems – creates frustration and inefficiency
- Taking a year to update zoning ordinances
- Tap fees that are a deterrent to construction
- ‘Too many consultants’ – sufficient intellectual capacity within the Town that just needs to be unleashed
 - Focus on execution

Following is a matrix of community development opportunities – consolidated and filtered for those that are judged to have the greatest potential for community impact. Each opportunity was evaluated and ranked according to its potential for positive impact, the relative ease and feasibility of implementation and the amount of community support or interest in the concept. The size of the bubble represents the potential positive impact - an opportunity that is judged to have significant potential impact would be represented by a bubble that is larger than one that would have relatively smaller impact. The horizontal axis measures the amount of community interest or synergy – determined through the interviews and public meetings and assessment of the Town’s assets. The vertical axis provides an estimate of the inverse of the complexity of a project. The

higher the score, the lower the complexity and the more feasible it is to implement.

Opportunities that are positioned in the upper right quadrant are those that are both feasible to implement and have high community support / interest. Just because a recommendation is difficult does not mean that it shouldn’t be implemented. It is often advisable to pursue some projects that can be quicker to implement while also moving forward with those with the largest bubbles – that are estimated to have the greatest impact, but that will require greater time and effort to implement.



Observations

Not surprisingly, there were more recommendations for community development than for the other two areas combined. Community assets are those things that most affect residents' quality of life and impact daily living. It is natural for a community to want to see improvements in these areas. The preponderance of the feedback and comments from the community parallel the findings of the 2015 Comprehensive Plan. That plan's eight sections - The Community Vision, Community Changes and Projections, Developing the Economy, Housing, Transportation, Parks Recreation Open Space and Trails, Environment and History and Heritage – highlight a great number of the challenges and opportunities that face Buena Vista and cast a broad vision for the Town with 136 Action Items. It would be redundant and is not the purpose of this Economic Development Master Plan to revisit the findings of that report. Rather, the purpose of this Plan is to consider the broad range of issues and focus on those which will have the most immediate and significant potential for positive impact on Buena Vista's economy.

Consequently, though all the opportunities that were identified in the public forum and EVAB Board Meeting were valid and insightful only a subset will be discussed in detail. To focus on those recommendations that would have the greatest community impact and are most realistic, the top ideas have been consolidated and prioritized.

According to the matrix, the three opportunities that have the greatest immediate potential are "Empowering the EVAB Board", initiating 'Community Coffee' events, "Housing" and

"Emphasizing Live Music". The opportunities that have high community support and high potential impact but would be more difficult to implement are "Improve Urban Planning", "Increase Community Coordination", "Public / Business / Schools Coordination" and "Enhance Trails".

Among these opportunities, four are directly related to coordinating and communicating among disparate factions and organizations in the community. The absence of such coordination and collaboration was cited repeatedly in interviews and in the public forums as a significant impediment to the community's progress. The opportunities presented represent different approaches to bridge the gaps. Having one body responsible for coordinating all of the disparate efforts and ensuring that all organizations and individuals are 'paddling in the same direction' would be a change that could have tremendous impact. Empowering the Economic Vitality Board (EVAB) and placing other community Boards and initiatives (Wayfinding, Historic Preservation, Recreation, etc.) under its leadership would ensure that disparate organizations are not pursuing conflicting objectives. The EVAB Board would also be responsible for communicating and coordinating with other community organizations including the Chaffee County Economic Development Corporation, the School District, the Tourism Board and the Chamber of Commerce. The Chaffee County Economic Development Corporation has tremendous expertise and resources and being able to have tighter collaboration with them and leveraging their experience and connections will have far-reaching benefits for the Town.

Having a single conduit for communication and coordination would also empower the Town Trustees – giving them one source for consolidated information and enabling them to give strategic direction through just one point of contact. The EVAB Board would become, in essence, the umbrella organization that coordinates with all others.

The Community Coffee concept is borrowed from Lake County where they host weekly ‘Coffees’ where community stakeholders come together to share what their organizations are doing and making requests. This weekly forum has been extremely effective in keeping everyone informed of what is happening in the community, reducing duplication of efforts and garnering community support for key initiatives.

Empowering the EVAB Board and initiating Community Coffee events (presumably organized by the EVAB Board) would address most issues around communication and coordination in the Town. Both opportunities could be implemented quickly with little to no expense and could have significant long-term impact.

The prominence of the Housing opportunity cannot be a surprise. The lack of affordable housing for low-earning workers was cited in virtually every interview and was the topic of greatest discussion in the community forums. The 2015 Comprehensive Plan dedicates one section to the housing section and the shortage of affordable housing has grown more acute since then. Everyone in the community understands the importance of making progress in increasing the stock of available affordable housing and the profound impacts that will

have on keeping Buena Vista affordable and desirable as a community for working families.

There are some opportunities that have had been the topics of significant discussion in the community but that don’t rank well in this matrix. Not ranking highly is not a reflection on the merits of the opportunity. There are two things to note:

1. In many cases the difficulty in implementation doesn’t appear to justify focusing on these opportunities at the expense of others that could have similar or larger impacts but require less heavy lifting. In some instances, the projects face significant public opposition that render them unlikely in the short term until community dynamics change.
2. These rankings are ultimately driven by economic development. All analysis was performed through the lens of how it would affect the community’s economy in the long-term. There may be social, educational, civic or other criteria which would justify moving forward on a project that is not necessarily merited based solely on economic development reasoning.

The Recreation Center / Community Center is a concept that is often discussed and has significant interest in the community. While in many instances such public facilities bring significant community benefit and improve the standard of living, the case for such a facility in Buena Vista right now is not as compelling. First, these types of community facilities must be of sufficient scale and quality to drive repeat usage or if underbuilt become expensive white elephants. The community recently rejected a bond proposal from the school district and seems to have little

interest in taking on additional tax burdens. Second, the community needs to collectively determine the top priorities for capital projects and address them sequentially. If addressing the school facilities is the top priority, then this needs to be addressed before proposing other projects. Third, the community already has most of what would be offered in a rec center or community center. Peak Fitness offers an impressive range of fitness equipment and classes. The community center has meeting space. The building is outdated and not optimal but is functional. Finally, the schools have been generous in allowing the community to use their facilities for community recreation. The only amenity that is missing is a swimming pool. At this point, with the size of the community and the economic situation, the costs of a new facility does not seem merited. Consideration of such a facility should be postponed for a few years.

The Gateway Project at the intersection of Highway 24 and Main Street is a critical project that will help create a more visible entry point into Main Street. It is likely that many in the 12,000 vehicles per day that travel along Highway 24 pass by Main Street without realizing the historic downtown area exists. A gateway that alerts travelers to the significance of Main Street would be helpful in driving more visitors and tourists to the area. The Town has a Gateway Project under development and this project should enjoy the full support of the community.

Main Street



4 | Primary Opportunity Areas

Based on the list of potential opportunities, there are many possible directions the Town could take to spur economic development. The key is to focus on those opportunities that have the highest potential impact, are most realistic, can be implemented and have the highest community interest.

While the SWOT process identifies the community's salient attributes, the bubble chart analysis is a way to quantify and display visually the relative strengths of the opportunities. Each opportunity was assigned a score from one to twenty relative to the magnitude of its potential impact, the feasibility of implementation and the interest and synergy it had with the community. These values were assigned based on the research conducted of the community paired with experience in implementation.

From the 48 opportunities identified in the SWOT analysis, the list was analyzed, consolidated and distilled down to those that are the most important for Buena Vista at this time. The opportunities comprise both industries that can be targeted to attract jobs and investments and other actions that can be undertaken to facilitate economic growth.

Target Industries

The following industries have been identified as having the greatest potential for success in Buena Vista – listed in order of priority:

- Biotech

- Finance Professionals
- Geothermal
- Drone Industry
- Enhance Tourism
 - Curated Winter Tours
 - Increased Collaboration with Mt. Princeton
- Light Manufacturing / Modular Construction
- Housing

Biotech Industry

The biotech industry has grown rapidly from its humble beginnings in the 1970s to the global powerhouse it is today. In 2015, over 2300 biotech companies in the United States generated \$107.7B in revenue.¹ In the United States alone, from 2006 to 2015, \$109B dollars of equity flowed into the industry through venture capital, initial public offerings (IPOs), and follow-on public offerings (FOPOs).² Bioscience firms in the US employed 1.66M people in 2015 and paid average wages of \$94,543 in 2014.³

While the global industry giants and high-value IPO's garner much of the attention, almost 90% of biotech companies are small and medium-sized enterprises.⁴ It is the strength of these small biotech firms that holds the most promise for Buena Vista.

Colorado has a strong bioscience industry presence with 1,700 bioscience companies and 27,900 employees in the field. In 2013, bioscience exports totaled \$2.2B.⁵

There are six factors that influence the location decision of a small biotech firm. The criteria are presented below in **Figure 1**.

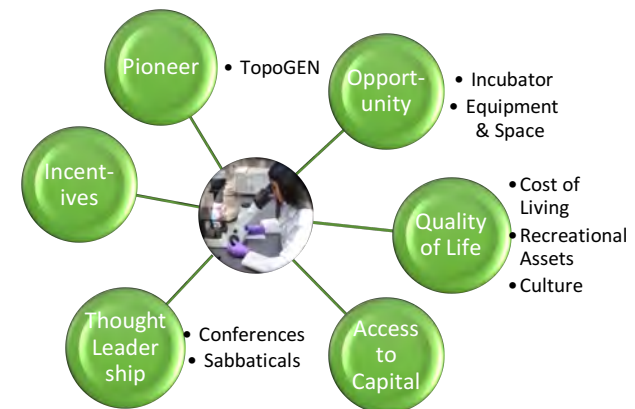


Figure 1: Biotech Location Criteria

Pioneer. Most firms tend to be risk averse when selecting a location and don't want to be 'the first penguin in the water'. If there is already an established presence, another firm that has been the 'pioneer' and proven the viability of the location, it is much less risky for other firms to follow. When TopoGEN relocated from central Florida to Buena Vista in 2015, its bold first step opened the door to other biotech firms. TopoGEN has proven that it is possible to thrive in a remote mountain town and according to its founder, Mark Muller, many of his colleagues in the industry are intrigued by the prospect of being able to conduct their work in Buena Vista.

¹ <https://www.statista.com/topics/1634/biotechnology-industry/>

² https://www.bio.org/sites/default/files/BIO_Emerging_Therapeutic_Company_Report_2006_2015_Final.pdf

³ <https://www.bio.org/press-release/national-bioscience-report-shows-industry-creating-jobs-and-driving-innovation>

⁴ <http://www.nature.com/nbt/journal/v24/n6/full/nbt0606-643.html>

⁵ <http://choosecolorado.com/key-industries/bioscience/>

Quality of Life. Biotech firms tend to be clustered along both coasts. While there are certain advantages to living in these areas there are also the downsides of congestion, traffic, high housing costs and the cost of labor. Buena Vista offers a quality of life that cannot be replicated in large coastal cities and for those who value outdoor recreation, community and quietude it is an ideal location.

Opportunity. Most biotech companies begin very small and operate on a shoestring budget while proving their technologies and products. The biotech incubator being developed by TopoGEN will create an ideal platform from which new ventures can develop their products and be successful. The incubator will have space available for small operations at very affordable rates and the leases will include access to shared equipment so that the companies don't have to come up with the capital to acquire their own equipment.

These financial benefits afforded by the incubator together with mentoring from TopoGEN's management team is a significant strategic advantage for startup firms and provides them with a unique and compelling opportunity.

Access to Capital. Startup firms rely on investors to provide initial financing and to fund their commercialization. One advantage of locating in highly-populated industry centers is the ready access to venture capital. While it is not a requirement to be physically proximate to financing, the evidence suggests it does matter. For example, in 1990, 22% of venture-backed startups were in the San Francisco Bay area while by 2015 that

percentage had grown to 45%. Clearly location is a factor in obtaining financing.

For biotech firms locating to Buena Vista, the lack of access to capital could be an obstacle. This potential challenge could be ameliorated by recruiting professionals from the finance industry to the Town (see the next section) as well as including efforts to leverage existing industry financing networks as part of the mission of the planned business incubator.

Thought Leadership. Another way to create inertia around a location and to establish it as a viable industry hub is to gain recognition as a place of thought leadership. There are examples of other mountain communities that have established a reputation as a place for thought leadership in a specific discipline. Two examples are Jackson Hole, Wyoming which is noted as a retreat for economists and Davos, Switzerland which is known as the site for global thought innovation and leadership development. In both cases, the town's credentials were established by virtue of academic or intellectual conferences that are held there.

The Economist explains how the formerly staid Federal Reserve Bank of Kansas City's "Economic Symposium" became the premiere economic event in the world. "In 1982, the conference moved to Jackson Hole (which is in the Kansas City district) and persuaded Paul Volcker, then chairman of the Fed and an avid fly-fisherman, to attend. In a textbook case of network effects, Volcker's regular attendance attracted other

policymakers and made the event an unequalled gathering for big economic hitters.”⁶

By hosting symposia and conferences on biotech targeted to the avant-garde of the industry, Buena Vista could acquire the bona fides of being a hub for innovation. Just as Jackson Hole became the undisputed mecca for economists because of its fly fishing, Buena Vista could lure industry luminaries with its scenic trails, majestic peaks and healing hot springs.

Other possible actions include providing space and accommodation for visiting researchers and academics to conduct research or take sabbaticals, and recruiting / incentivizing research institutions and universities to open satellite facilities in the Town. Invitations to the namesakes of the Collegiate Peaks should be extended.

Incentives. Because of its impressive growth rates and high median wages, biotech is considered one of the most desirable industries in the modern economy. Nearly every state has identified biotech as a core target industry to position itself as the perfect location for its firms. The competition for biotech companies is fierce and states and municipalities often compete with generous incentive packages to lure new firms to their cities.

The Federal Bank of San Francisco noted in a 2014 study that, “As of 2010, 11 states provided some type of incentive for biotech firms, and the generosity of these plans appears to be growing. In addition, over the past two decades, tax credits offered by states for general research and development (R&D) have become increasingly important. As of 2010, 34 states provided a broad-based tax credit on R&D.”⁷

The competition among these states for the best talent was not in vain. The San Francisco Fed study determined that, “both biotech-specific subsidies and general R&D tax credits in a given state significantly increase the number of biotech star scientists residing there. The adoption of biotech subsidies raises the number of star scientists in a state by 15% relative to that state’s pre-adoption number of stars. We find a similar effect from the adoption of R&D credits. These findings are important because of the role star scientists play on the local development and survival of U.S. biotech clusters.”⁸ In other words, state and local governments are making significant efforts and investments to attract star biotech talent and these investments are yielding results in growing their biotech sector which, in turn, “by increasing employment in biotech, incentives appear to indirectly boost employment in local services, like construction and retail, whose demand reflects the strength of the local economy.”⁹

⁶ <http://www.economist.com/blogs/economist-explains/2014/08/economist-explains-12>

⁷ <http://www.frbsf.org/economic-research/publications/economic-letter/2014/december/biotechnology-biotech-economic-growth/>

⁸ Ibid.

⁹ Ibid.

In order to match the competition, Buena Vista will not be able to rely on its mountains alone but must work in advance with the State, County and Chaffee County Economic Development Corporation to have ready a suite of incentives to offer to target firms.

Conclusion. Firms from the same industry tend to congregate in certain areas because of the value that flows from sharing of ideas and the access to human capital. The Federal Reserve Bank of San Francisco notes that the term “agglomeration economies ... refers to the local economic value generated by having many businesses and industries close to each other that are engaged in complementary activities.”¹⁰

A cycle develops where a few firms locate in an area, so industry talent flows to where the jobs are and other firms follow so they can poach talent from the existing firms. As the firms grow, more talent comes into the area to fill the demand for human capital and the cycle perpetuates.

With TopoGEN already in Town, adding a few more biotech businesses would create a sufficient gravitational force to begin a growth cycle for the industry in Buena Vista. There will be significant effort and investment required to ‘prime the pump’ and effectuate the positioning of Buena Vista as a hub for biotech but the magnitude of the opportunity could easily justify the investment.

The opportunity for Buena Vista to carve out a niche as the mountain hub of biotech is significant and compelling. TopoGEN’s incubator will be a key anchor for achieving this designation and that project must have strong public support. The applications for EDA and NIH grants should be accompanied by letters of support from the Town and other local civic institutions like the Chamber of Commerce and Colorado Mountain College. The granting agencies must know that the Town views their funding as ‘mission critical’ to the Town’s long-term economic success and that the incubator has the full support of the Town.

Other initiatives could bolster the Town’s positioning including sponsoring conferences, providing space and incentives for research sabbaticals and recruiting research institutions to open satellite campuses or facilities. Finally, the Town must be prepared, along with other institutions and government agencies, with a suite of incentives to offer these firms to locate in Buena Vista.

Local Advocate / Champion. After the Economic Assessment has been completed the hard work begins. The community will then need to roll up its sleeves and begin the long, arduous process of implementation. In order for the Town to remain focused and maintain the determination to work through the process, there should be local advocates who champion the project and keep the community focused on its completion.

¹⁰ <http://www.frbsf.org/economic-research/publications/economic-letter/2014/december/biotechnology-biotech-economic-growth/>

Local ownership is key because then the project is not seen as merely a recommendation from an outside third party but an issue of vital community interest. For the biotech industry, the obvious choice for the local advocate / champions would be Mark and Soren Muller.

Dr. Mark Muller has a Ph.D. in Molecular Virology from the University of British Columbia and has done post-doctoral cancer research at the University of Wisconsin-Madison. He was a professor of molecular genetics at The Ohio State University for 24 years before taking his talents to Florida to become a professor at the University of Central Florida. Dr. Muller is a pioneer and a renowned expert in the molecular biology of cancer cells and founded his company – TopoGEN, as a leading biotech company in that field. As a recognized expert in the field, Dr. Muller is uniquely positioned to advocate for the biotech industry in Buena Vista.

Soren Muller joined TopoGEN in 2001 and has been responsible for sales, marketing, advertising, financial controls, and the company's value chain. Soren and Dr. Muller have created the concept behind the Biotech incubator and have been working with the Chaffee County Economic Development Corporation and Colorado Mountain College to get grant funding and secure funding for the venture.

Bioscience has been designated as a key industry by the Colorado Office of Economic Development and International Trade. Having this designation means that enterprises in this

field are eligible for special state incentives and support because they have been targeted for strategic growth in the state.¹¹ The local advocates can leverage the support from the State to multiply their effectiveness.

¹¹ <http://choosecolorado.com/key-industries/bioscience/>

Professional Remote / Location-neutral Workers

There is a growing trend towards workers being able to do their work remote from the home office and are, therefore, able to live anywhere. The emergence of this new class of location-neutral workers, often referred to as 'golden collar' workers represents a great opportunity for rural communities to recruit individual workers.

The way work is done is changing rapidly. Jeff Corbin, CEO of theEMPLOYEEapp told Business News Daily, "There is an expectation that individuals should have the ability and freedom to work remotely and not be confined to an office setting or desk."¹²

Work of the future will be more about what is accomplished rather than where it happens. This is especially true for Millennials, 68% of who, according to AfterCollege, look at the ability to work remotely as a key benefit from employers.¹³ A survey by Deloitte found that for Millennials being able to work remotely was the third most important attribute when evaluating a position (See Figure 2.)

Most desired career incentives for millennials (2016)

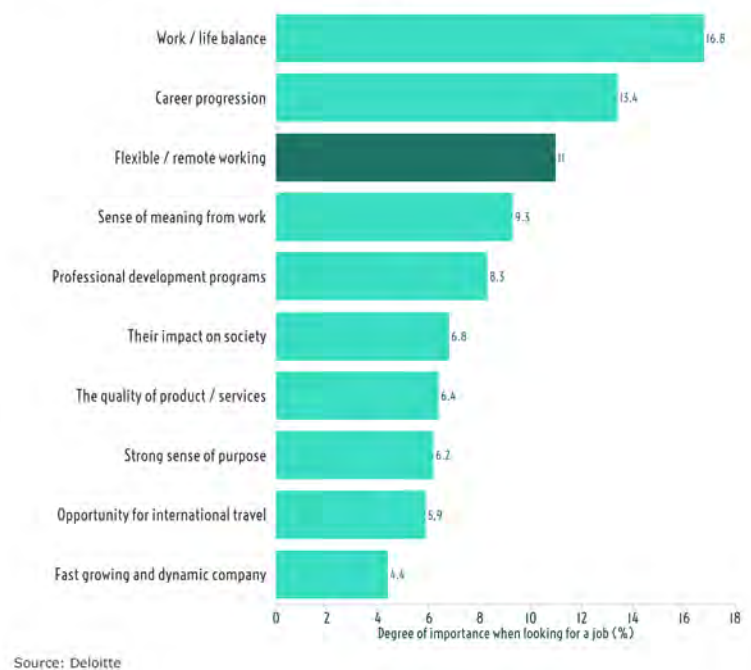


Figure 2: Importance of Remote Work for Millennials

Recent data indicates that in the United States, location neutral and telecommuting workers (teleworkers) have increased from 1.8M in 2005 to nearly 3.7M in 2015. Today one in eleven workers works remotely – away from their company's offices.¹⁴ Nicholas Bloom, a professor of economics from Stanford, noted

¹² www.businessnewsdaily.com/8156-future-of-remote-work.html#sthash.Y7o7MbuE.dpuf

¹³ remote.co/10-stats-about-remote-work/

¹⁴ Gallup.com, "In U.S. Telecommuting for Work Climbs to 37%, August 19, 2015

that “In the United States, the proportion of employees who primarily work from home has more than tripled over the past 30 years, from 0.75% in 1980 to 2.4% in 2010.”¹⁵

The trend towards remote working is likely to accelerate. In a recent survey of business leaders at the Global Leadership Summit, 34% said that 50% of their workforce will be working remotely by 2020.¹⁶

According to Kate Lister, the following are the attributes of a typical telecommuter:

- 50+ years old, college educated, salaried, non-union
- A disproportionate share in the following industries (descending from the most to the fewest):
 - Military
 - Computer and Mathematical
 - Arts, Design, Entertainment, Sports, and Media Occupations
 - Farming, Fishing, and Forestry
 - Life, Physical, and Social Science Occupations
 - Legal Occupations
 - Community and Social Service Occupations
 - Architecture and Engineering Occupations
 - Business and Financial
- Work for a larger company¹⁷

There are five primary considerations when remote workers evaluate a location for remote working:

- Cost of living
- Housing
- Proximity to a major airport
- Quality of Life
- Business Support



Figure 3: Remote Working Location Criteria

Cost of Living. One benefit that remote workers can take advantage of is salary arbitrage where they are paid according to the pay-scale of the company’s home office while living in a location with a much lower cost of living. The spread between

¹⁵ <https://people.stanford.edu/nbloom/sites/default/files/wfh.pdf>

¹⁶ www.fastcompany.com/3034286/the-future-of-work/will-half-of-people-be-working-remotely-by-2020

¹⁷ Kate Lister, globalworkplaceanalytics.com

compensation and cost of living can result in significant standard of living benefits for the remote worker.

Obtaining accurate data for the cost of living in rural communities is reliably unreliable. The best that can be done is to average the most popular online source that compares the cost of living in Buena Vista to the national average as has been done in **Table 1**.

Areavibes.com	100%
Sperling's Best Places	121%
City-Data.com	87%
Average:	103% ¹⁸

Table 1: Cost of Living

The variances in the estimates of cost of living are significant enough that it would be difficult to make any conclusive assessments. With housing prices increasing, higher than average utility rates and costs of services typically higher in a mountain town, it is likely that the cost of living in Buena Vista isn't significantly lower, if not slightly higher than the national average. Being close to the national average means that the Town is significantly cheaper than most major metropolitan areas so it would have a cost advantage for workers relocating from those areas.

Housing. Buena Vista's housing situation is afforded detailed treatment later in the report. As it relates to location-neutral

workers, the primary considerations are how housing in Buena Vista compares to other markets. The median age of housing in Buena Vista is 37 years (i.e. built in 1980) while in the United States the median home was built seven years later (around 1987). The housing stock in Buena Vista is, on average, slightly older than the national average.

The median home value in Buena Vista from the 2015 ACS Census survey was \$202,000 while it was 178,600 for the entire country. While homes in Buena Vista are older and more expensive than the national average, compared to many of the country's coastal cities, the Town's housing is quite affordable. In many high-growth or high-demand coastal cities, median prices are much higher than in Buena Vista – see **Table 2** which displays median home values for select cities in high demand areas across the country.

City	Median Home Value
Boston, MA	\$ 393,600
San Francisco, CA	\$ 799,600
Chevy Chase, MD	\$ 884,100
San Diego, CA	\$ 463,300
Manhattan, NY	\$ 848,700
Huntington Beach, CA	\$ 642,900

Source: US Census, QuickFacts

Table 2: Median Housing Values in Select Coastal Cities

¹⁸ <http://www.city-data.com/city/Buena-Vista-Colorado.html>,
http://www.bestplaces.net/cost_of_living/city/colorado/buena_vista,
<http://www.areavibes.com/buena+vista-co/cost-of-living/>

Professionals leaving those high-priced housing markets could upgrade to a much larger home in a much more beautiful setting for a fraction of the price of their current accommodations.

The comparison to other mountain communities in Colorado is displayed in **Table 3**. The values of housing follow a readily discernible pattern of corresponding to the level of development and amenities that the community offers. Communities with high-end ski resorts and extensive dining, retail and entertainment options command higher housing values than communities where such assets are less developed.

City	Median Home Value
Lake Co, CO	\$ 168,500
Buena Vista, CO	\$ 202,000
Salida, CO	\$ 248,400
Avon, CO	\$ 332,400
Steamboat Springs, CO	\$ 456,000
Summit Co, CO	\$ 478,800
Vail, CO	\$ 534,400

Source: US Census, QuickFacts

Table 3: Median Housing Values in Colorado Towns

The much-discussed housing shortage notwithstanding, Buena Vista's housing affordability is consistent with other mountain communities in Colorado when adjusted for their level of amenities. Compared to many of the communities that have been primary economic drivers in the knowledge economy, the Town's housing is relatively affordable.

Proximity to a Major Airport. As the 6th busiest airport in the United States by passenger boardings, Denver International Airport (DEN) certainly meets the criteria of a major airport.¹⁹ 187 destinations are serviced out of Denver including 20 international cities meaning that flights from DEN go directly to almost anywhere in the United States.

The drive from Buena Vista takes from 2 hours and 40 minutes in ideal conditions to well over 3 hours in times of traffic or adverse weather. The distance from the airport virtually eliminates Buena Vista as a potential destination for someone who needs to fly frequently for their work. Occasional or infrequent travelers may be willing to endure long commutes to the airport.

Quality of Life. In the quality of life metric, Buena Vista rates very well. For someone seeking a slower pace of life in a place with a great sense of community and ample outdoor recreation opportunities, Buena Vista would be an ideal location.

While evaluating the quality of life of a community varies by individual and is subject to individual tastes, there are several universal factors that tend to influence how a community is perceived. These factors are weather, crime, education and amenities.

Weather. While 57% of Americans prefer a warm climate 29% prefer it cold with 12% undecided or ambivalent.²⁰ For the 57% who prefer warm weather, Buena Vista's chilly winters may be

¹⁹ Wikipedia – "List of the Busiest Airports in the United States"

²⁰ www.pewsocialtrends.org/2009/03/18/most-like-it-hot/

a deterrent, but for those who hate hot summers, the Town's cool summers and low humidity may be ideal (see **Figure 4**).

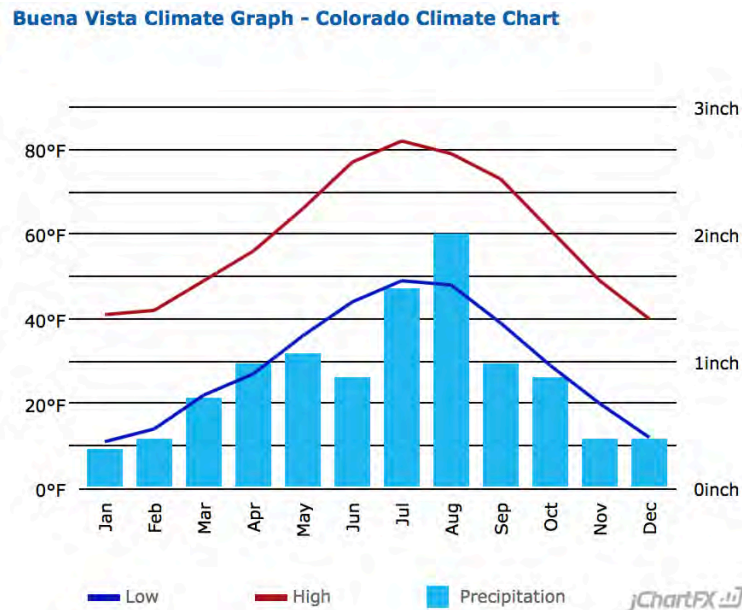


Figure 4: Buena Vista Climate Graph

The fact that the Town's weather is a detractor to 57% of the population, limits the pool of potential remote workers who would be interested in relocating.

Crime. The prevalence of crimes in a community tends to be evaluated more as a threshold criteria than as a continuum. Thus, if two communities are well below the national average for criminal activity but one is 20% safer, there is not likely to be a material difference in the impact on perceptions of safety as it

relates to quality of life because both meet the threshold requirements.

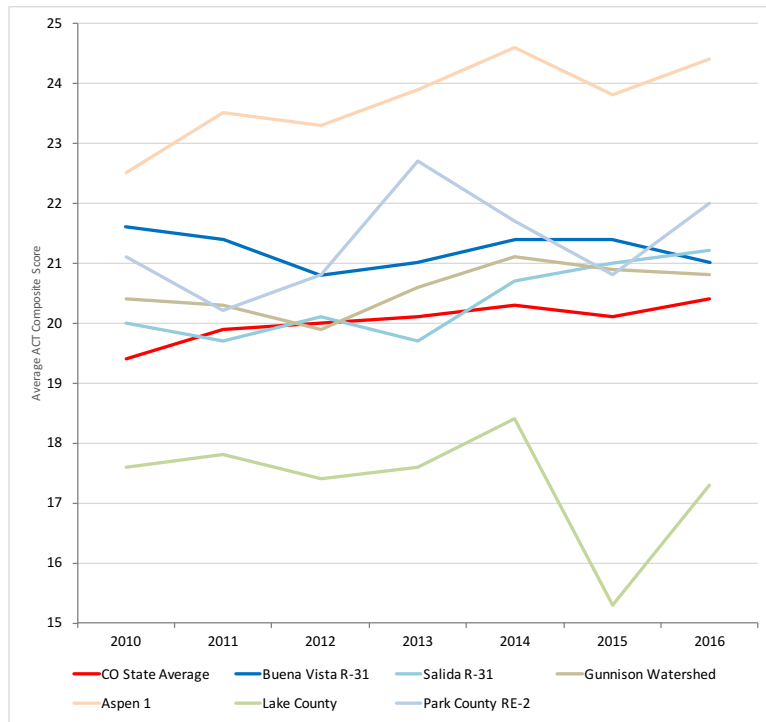
While Buena Vista had as many violent crimes in 2016 as in the previous seven years, taking the long-term view, crime rates are extremely low in the Town. The average annual violent crime rate over the past 10 years has been 37.07 per 10,000 residents compared to a national average of 227.9. For property crimes, the gap is even larger – 52.73 in Buena Vista vs. 273.3 for the U.S. By any measure, Buena Vista is a very safe community.

Education. The quality of education is one of the most vital criteria for workers with children or who anticipate having children. Typically, education is viewed as falling into one of three categories: 1) Excellent: a net attractor, 2) Adequate: neither a detractor nor attractor, and 3) Deficient: a net detractor. While the lines may be drawn at different intervals for different parents depending upon their standards, the groupings are widely valid.

Typically, standardized test scores would form the basis for evaluating school performance but due to the large and disproportionate number of Buena Vista parents who withdraw their students from testing and the "0" score that results, the state proficiency test are not a good benchmark of student achievement.

The ACT scores of Buena Vista students provide a standardized benchmark against which the District can be compared to the state. Among the districts sampled, Buena Vista is competitive with the exception of the Aspen District. Buena Vista students

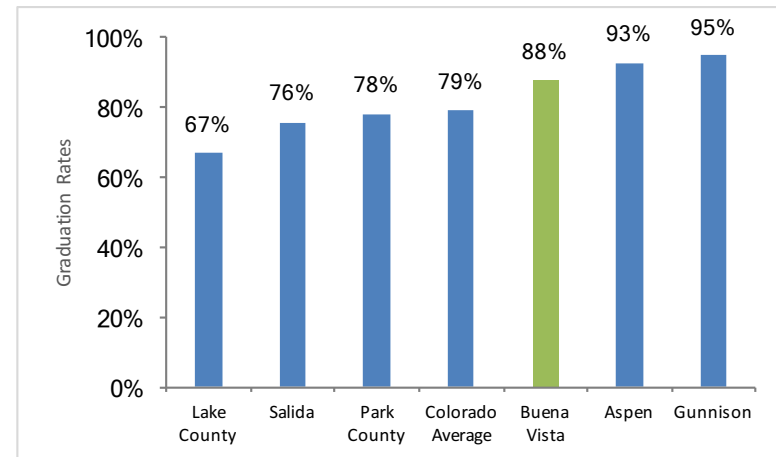
have consistently performed better than the state average – see **Figure 5**.



Source: Colorado Department of Education

Figure 5: ACT Composite Score Comparisons

Another key metric of student progress and achievement is graduation rates. Nearly 10% more Buena Vista students graduate than the state average and its graduate rates are among the best in the sample group (See **Figure 6**).



Source: Colorado Department of Education

Figure 6: Graduation Rates Comparisons

Amenities. While personal preferences dictate the weighting put on the availability of different amenities when evaluating a community, there are certain categories that are nearly universal – retail, restaurants, recreation and entertainment.

Retail can be divided into those necessities for every-day living and the discretionary shopping that adds the spice to the shopping experience. Buena Vista’s retail occupies both ends of the spectrum. ShopKo, City Market and The Lettucehead Food Company offer dry goods and groceries, there are three hardware stores and two pharmacies. Community feedback on the City Market is universally negative – citing its lack of fresh produce, inadequate parking, high prices and its overall state of disrepair. ShopKo elicited few responses while the feedback on the Lettucehead was generally positive. Feedback on the other stores is neutral to positive. In general, the community feedback

indicated that the retail environment for necessities and staples is meeting expectations with the exception of groceries.

For discretionary purchases, Buena Vista has a healthy number of truly innovative retailers with unique products including original artwork and artisan goods. The products, however, are largely targeted towards recreation and tourists. There are few retailers that offer products for daily use and wear. When a focus group of high school students were asked what items they purchase in Town the universal response was “nothing”. They indicated that they buy their clothing and other needs either online (Amazon) or in Denver.

In a sense, Buena Vista is already positioned for the new reality of retail. As online purchasing continues to increase as a share of total sales – doubling in the last six years (see **Figure 7**) - brick and mortar retail establishments are reeling. Sears, Kmart, Payless Shoes, Nordstrom, Macy’s and Walmart are just a few of the major retail brands who have recently announced store closures or even bankruptcy.

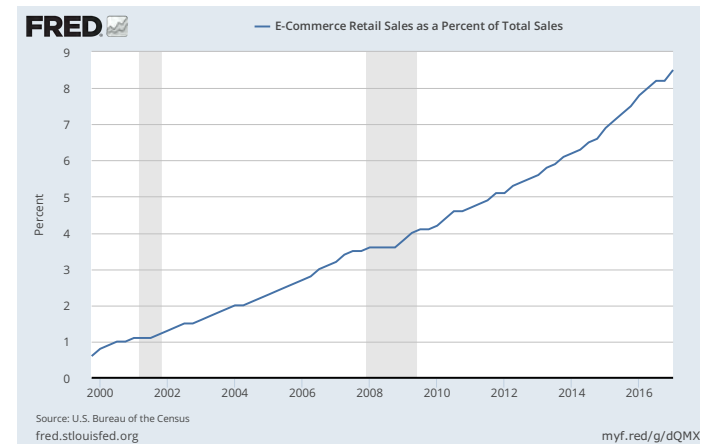


Figure 7: Internet Sales as a Percentage of Total Sales

If the current trend continues, there will be far fewer retail establishments in the future with niche / artisan retailers, convenience and grocery sectors being among the formats able to survive the digital shopping onslaught. Buena Vista’s retail offerings may actually prove to be resilient and perfect positioned for the retail environment of the new economy.

Following is a partial listing of the restaurants in Buena Vista with their genre (in no particular order):

- Asian Palate – SE Asian (Thai, Filipino)
- House Rock Kitchen – American / sandwiches
- Evergreen Café – Breakfast and Lunch
- The Bearded Lady – Fresh, local food (truck)
- Biggies – Sandwiches
- The Lariat – American
- El Paraiso – Mexican
- Eddyline – Pizza / American
- Rooster’s Crow Café – Breakfast & Lunch

- Jade Garden Chinese Restaurant – Chinese
- Jan’s Restaurant – Traditional
- Los Girasoles – Mexican
- Quincy’s – Steakhouse
- K’s Dairy Delight – Burgers
- The Tatooed Dog – Burgers
- Branding Iron – Grill
- Midland Station – Breakfast & Lunch
- Brown Dog Café – Café
- Simple Eatery – Fresh café
- Pancho’s - Mexican

San Francisco has the most restaurant density in the country at 39.3 per 10,000 households. Buena Vista density, by contrast, would translate to 169.4 restaurants if it had 10,000 households (and the list of restaurants is not comprehensive). For a Town of its size, Buena Vista has a surprising number of restaurants that provide an impressive variety of cuisine. Most remarkable is the quality of the food. Many restaurants offer innovative dishes of excellent quality. Especially for a Town of its size, Buena Vista definitely punches above its weight in the number and quality of its restaurants.

A recent study in Europe indicated that, “Leisure, the time people have outside their productive activities (either paid or unpaid) and how they can and choose to spend it, has a significant impact on their subjective notion of well-being, their happiness and their life satisfaction.”²¹ Traditional

entertainment amenities (bowling alleys, first-run movie theaters, live sporting events, music venues, live theater, ice skating rinks, laser tag, arcades, etc.) are not present in Buena Vista. There is a strong live-music culture in the Town, however, and it is possible to hear live music at different venues on many nights. Overall, the limited number of entertainment amenities, though not unexpected for a Town of Buena Vista’s size, would be a net detractor.

Buena Vista’s recreational offerings are impressive for a community of its size. Peak Fitness is a full-service gym that offers cardio equipment, free and machine weights, fitness classes and personalized training. It is a very impressive facility that will be expanding and adding an indoor climbing wall. Buena Vista has the recreational assets and amenities that are common to mountain communities including mountain biking, cross country skiing, hiking, fishing, hunting, ATV trails, etc. In addition, the stretch of the Arkansas River that runs through Buena Vista is widely acknowledged to be one of the premiere kayaking locations in the world. As proof, the 2017 Team USA Kayaking Freestyle Team Trials will be held in Buena Vista.

Buena Vista is renowned for the abundance and quality of its outdoor recreational assets. These assets provide outdoor with a wealth of recreational opportunities and could constitute a key motivation for locating to the Town.

²¹ Quality of life and leisure activities: How do leisure activities contribute to subjective well-being?, Brajsa-Zganec, A., Merkas, M. and Sverko, I. (2011), Social Indicators Research, 102(1), 81-91

Business Support. A key question to be answered in a decision about relocating is how the location facilitates or supports doing business. In the 21st century, perhaps the most critical element of infrastructure isn't sewer or water (though these remain essential) but what is called the "4th utility" - broadband internet connection. Buena Vista has recently commissioned a study to analyze its broadband connectivity and recommend improvements to its service. At present, most of the Town enjoys download speeds in excess of 15Mbps and there are internet design and programming firms that are able to conduct business without problems except for the occasional disruption in service. According to Business.com, speeds of 10Mbps are generally sufficient for most businesses.²² At present the broadband service for the core of downtown is more than adequate for virtually all business applications but having redundancy would provide greater security and assurance.

While some remote workers value the independence and isolation their work situation affords, other desire more social interaction and understand the importance of networking. Having opportunities to connect with other professionals – especially those in your industry, can be richly rewarding and professionally profitable. In his book *Triumph of the City*, Harvard Economist Edward Glaeser notes, "'To thrive, cities must attract smart people and enable them to work collaboratively.'" This collaboration is critical to developing creative synergies that enable workers' productivity to exceed their individual abilities. Having a concentration of intelligent

people with wide areas of expertise that are able to engage and interact can create a vibrant innovation hub.

There are a few things that help create a fertile environment that fosters such collaboration. A sense of community is pre-eminent. Buena Vista's strong coffee culture – where the coffee shops are always bustling and full of people engaging and sharing ideas is a great indicator of a community that has a culture that fosters collaboration. The physical space to collaborate is also important. Besides the Town's many coffee shops, there is a co-working space – the Watershed. Co-working spaces are custom created for working professionals who want space to spend part or all of their work time in a work environment with other professionals. Co-working space has increased by 400% in the past two years²³ – a testament to its growing utility and popularity. While the space at the Watershed is somewhat limited – four total desks, its existence provides the platform that can be expanded upon.

Overall, Buena Vista has a great business and entrepreneurial climate and can provide a supportive environment for remote workers.

Target Profiles. Buena Vista has already established itself as an attractive and viable home base for location neutral workers and hosts many golden collar workers. The benefits to the community of expanding the numbers of remote workers is that it brings high-capacity, creative people that can create a culture of innovation and progress.

²² <https://www.business.com/articles/lightning-fast-determine-how-much-internet-speed-your-business-really-needs/>

²³ <http://www.coworksalida.com/about.html>

According to Mr. Glaeser, “the bottom-up nature of urban innovation suggests that the best economic development strategy may be to attract smart people and get out of their way.” The civic, cultural and economic benefits of bringing bright and engaged people to a community are incalculable.

The best way to attract remote workers is to target a specific industry segment and work to create a compelling case for workers in that industry. Once a critical mass of workers locates to the community, their presence creates a gravitational pull for others in the industry and a trend develops.

A way to determine which types of professionals would be most likely to locate to Buena Vista and create a plan to attract them is through psychographic segmentation / marketing. “Psychographic segmentation is dividing your market based upon consumer personality traits, values, attitudes, interests, and lifestyles. Segmentation will allow you to better develop and market your products because there will be a more precise match between the product and each segment's needs and wants.”²⁴

A local marketing expert, Jacob Mueller, has created three psychographic profiles that lend insight into the specific pain points and attractants for people in different demographic categories and in different lines of work. Expanding Jacob’s work to consider more industries and demographic profiles could help hone the message and focus the marketing outreach.

²⁴ <http://study.com/academy/lesson/psychographic-segmentation-in-marketing-definition-examples-quiz.html>

Looking at specific case studies is also an excellent way to work backwards and create a psychographic profile from an actual person who has relocated to the area. There are subjects who can be profiled that represent potential target industries and could represent broader possibilities. An example of such a case study is John Braddock who is profiled below.

John Braddock. After graduating with an MBA from Baruch College in New York, John Braddock began a career in business and finance that culminated in Mr. Braddock holding senior positions with some of the world’s most respected investment banking firms. After the traumatic events of 9/11, Mr. Braddock began to reconsider the quality of his life and the impacts of living in NYC. In 2006, he relocated to Texas and continued to work in investment banking – founding his own firm. Chaffee County caught his eye while driving from his second home in Taos, New Mexico to Boulder. After several trips, he determined to relocate to Salida and has never looked back.

Mr. Braddock noted that aside from the personal benefits of the move to an alpine town - exceptional quality of life, the clean environment, the ability to exercise and the great people, relocating has also benefitted his business. He observed that since his move to Chaffee County, “I’ve cut my business overhead by a whopping 70%, increased my international client base, kept the same level of compensation and, best of all, obtained a work-life balance I didn’t think was possible.”

There are challenges with moving to an area where there is not an established finance industry cluster. There is a different level of sophistication among the business community that manifests itself in understanding of finance, capital markets, codes of conduct, ethical guidelines, corporate policies, financial disciplines, etc. Most of the businesses are also cottage industries that don't require financing or would not be candidates for financial markets. As a result, it is more challenging to do business and look for clients in the local area in a rural setting compared to a large metropolis. It is also harder to develop and maintain relationships with other bankers, lawyers, etc. when physically isolated from peers in these fields. These informal networks and relationships are critical to finding opportunities and putting together deals.

There are tremendous benefits to having Mr. Braddock in the County. Aside from contributing to the economy through personal spending and hiring administrative staff, local CPA's etc., he also benefits local businesses by looking at local deals and providing advice to small businesses. Through his mentoring and providing advice, having this world-class talent in the County provides far-reaching benefits.

There are others who have moved into the area who have similar backgrounds and experience. Mr. Braddock believes that there are others who would love to do what he has done – that there is a large appetite among many in his field to leave the pressure and pace of city living in exchange for a higher quality of life. Many of his colleagues, upon hearing of his move to

Colorado, expressed admiration for the move and jealousy at his quality of life.

Conclusion. The appeal of Buena Vista as a destination for location-neutral / remote workers is well established. There are many who have already come to the Town to work and strong indications that many others would like to come. There are significant benefits to the community of bringing talented and capable people into the Town. The key to recruiting remote workers to the community is in creating a marketing / outreach program that educates others about the benefits of life in Buena Vista and a program that assists and facilitates the transition.

Focusing on one industry sector would make the marketing and outreach efforts more focused and targeted. The financial services sector has been designated by the Colorado Office of Economic Development and International Trade as a key industry.²⁵ The State is focused on recruiting employers in the financial services sector to the state and has been proactive in recruiting workers in the industry. Collaborating with the State to target remote workers / entrepreneurs in the finance sector, like Mr. Braddock, would enable the Town to leverage the State's resources and bring greater scale to its efforts.

Local Advocate / Champion. As a successful high-tech executive who has figured out how to live in Buena Vista, Phillip Puckett would be an excellent champion for the remote worker initiative.

²⁵ <http://choosecolorado.com/key-industries/financial-services/>

Geothermal

The area around Buena Vista has some of the most intense and active geothermal activity in the state. It is estimated that there is water at 300 degrees Fahrenheit below the surface.²⁶ \$1.5m has already been spent to research the geothermal field and determine its commercial applications and a grant for \$600K is hoped for to conduct further testing.²⁷

According to the Geothermal Energy Association, “Heat has been radiating from the center of the Earth for some 4.5 billion years. At 6437.4 km (4,000 miles) deep, the center of the Earth hovers around the same temperatures as the sun's surface, 9932°F (5,500°C) (Figure 1). Scientists estimate that 42 million megawatts (MW) of power flow from the Earth's interior, primarily by conduction.”²⁸ Geothermal resources have several potential applications. To a large degree, the temperature of a geothermal fluid determines the type of applications that can be considered with the resource. For example, direct heating and cooling can be performed with relatively warm water (60-80°F), whereas food processing and industrial applications require geothermal fluid in the 150-200°F range. Electricity generation can technically be achieved with geothermal fluid at a temperature of 185°F, however most active power plant developers won't consider a site unless reservoir temperatures exceed 250°F. In 2013, geothermal electrical generating capacity reached 3,442MW in the United States.

Water from geothermal springs can provide hot water to heat buildings organized into heating districts. The capital costs of drilling, pumping and piping the heated water and retrofitting the building's heating system is offset by the cost savings of an inexpensive source of heating for buildings. Such heating districts are not uncommon in areas with geothermal energy and have provided operational savings to participating businesses. In Klamath, Oregon, the heat from geothermal wells even melts snow off of the sidewalks.²⁹ A heating district would not be expected to be a source of significant employment but the primary benefit would be in reducing the operating costs of businesses – giving them an operational advantage.

Hot water from geothermal wells can also provide cost-efficient heat for greenhouses and aquaponics operations. Other commercial uses of geothermal heat include vegetable drying, pulp processing, and value-added food processing. Aside from the financial benefits of direct usage of the geothermal heat, many companies with sustainability objectives value the marketing and public relations benefits of using geothermal heat sources.

Heat generated from geothermal sources can be put through reverse heat exchangers to generate electricity. Recent innovations using Organic Rankine Cycle (ORC) technology have resulted in plants that use standard HVAC chiller equipment in reverse to generate electricity. Using off-the-shelf equipment significantly reduces capital equipment costs and has resulted in

²⁶ Colorado Geological Survey

²⁷ Telephone conference with Fred Henderson, Ph.D. – Mt. Princeton Geothermal

²⁸ <http://www.geo-energy.org/Basics.aspx>

²⁹ http://www.oregonlive.com/business/index.ssf/2009/06/klamath_falls_-_theres_no.html

great improvements in efficiency. A plant in Chena, Alaska using ORC technology is producing geothermal energy at a cost of \$.06 per kwh.³⁰

Economic Benefits. Residential electrical rates in Buena Vista are \$.124 per kwh, which is more expensive than most surrounding mountain communities – see **Figure 8**. The high rates present a compelling market potential to provide clean, renewable, geothermal energy that will result in lower monthly bills for Town residents. Furthermore, lower electricity costs could help attract businesses and location neutral workers.

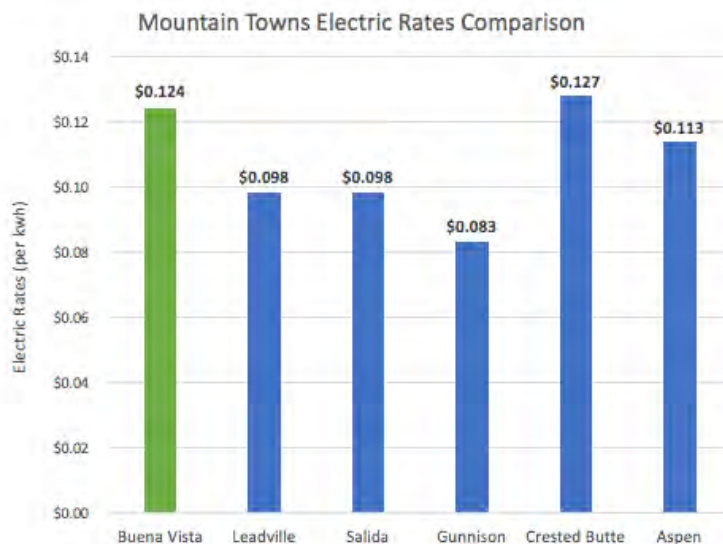


Figure 8: Electrical Rates Comparisons

³⁰ Power Production from a Moderate-Temperature Geothermal Resource, Joost J. Brasz, Bruce P. Biederman, Gwen Holdmann. GRC Annual Meeting, 2005, Reno, NV

The Geothermal Energy Association estimates that 1.7 permanent jobs are created for every 1 megawatt of capacity installed.³¹ A 10 MW plant could, therefore, result in 17 new, high-paying jobs.

Environmental Benefits. A coal-fired plant generates 2,200 pounds of CO₂ and 18.75 pounds of sulfur dioxide per megawatt hour generated while a binary geothermal plant produces zero emissions (See **Table 4**).

<i>Estimated Emission Levels by Pollutant and Energy Source of Power Plants</i>					
[lbs/MWh]	Dry Steam	Flash	Binary	Natural Gas	Coal
CO ₂	59.82	396.3	-	861.1	2200
CH ₄	0.0000	0.0000	-	0.0168	0.2523
PM _{2.5}	-	-	-	0.1100	0.5900
PM ₁₀	-	-	-	0.1200	0.7200
SO ₂	0.0002	0.3500	-	0.0043	18.75
N ₂ O	0.0000	0.0000	-	0.0017	0.0367

Source: Climate Registry 2012, EIA 2013e, EPA 2009, EPA 2011, NRC 2010

Table 4: Pollution Emission by Type of Power Plant

Geothermal is a truly renewable resource and the environmental impact of diverting even one megawatt of energy production from coal is significant. Having zero-emission electricity is a socially-impactful way for Buena Vista to brandish its credentials as an eco-friendly, sustainable community.

Conclusion. The presence of geothermal activity within close proximity to the Town presents an opportunity to leverage this natural asset and use it to create economic and environmental benefits. Lower utility costs for industries and residents and the image benefits of being powered by sustainable, renewable

³¹ http://geo-energy.org/geo_basics_employment.aspx

energy could be significant drivers of economic development. It is recommended that the Town put the full weight of its influence behind efforts to move forward with studies and other steps that will move the utilization of this valuable resource forward. Parochial (NIMBY) concerns should be subordinated to the greater good achieved by bringing online this clean source of renewable energy.

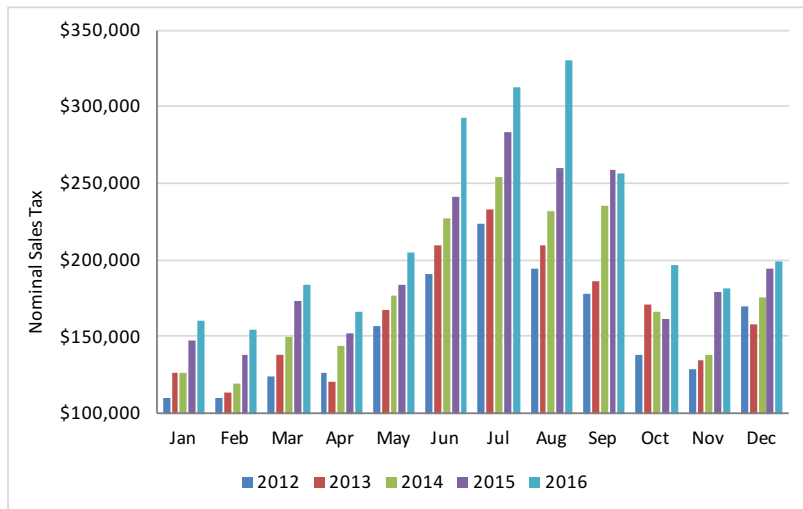
Local Advocate / Champion. Dr. Fred Henderson and John Held of Mt. Princeton Geothermal have dedicated considerable time and resources into studying and laying the groundwork for utilizing the area's geothermal resources. Dr. Henderson and Mr. Held would be knowledgeable and passionate advocates for geothermal in Buena Vista.

The Colorado Office of Economic Development and International Trade has designated Energy and Natural Resources as a key industry.³² While the focus of the State's sustainable energy initiatives center around solar and wind, working with the Colorado Geology Survey, which has extensive knowledge of the State's resources and potential, will enable the Town to leverage the State's expertise and interest in renewable energy.

³² <http://choosecolorado.com/key-industries/energy-natural-resources/>

Tourism

Tourism tends to be viewed through the lens of its extremes. Many stakeholders indicated that tourism is at full capacity and does not represent an opportunity for economic development because of the number of visitors that strain the Town's resources during the peak summer months. The following graph (Figure 9) showing the sales tax seasonality validates the variance in seasonal sales and the peak during the summer months.



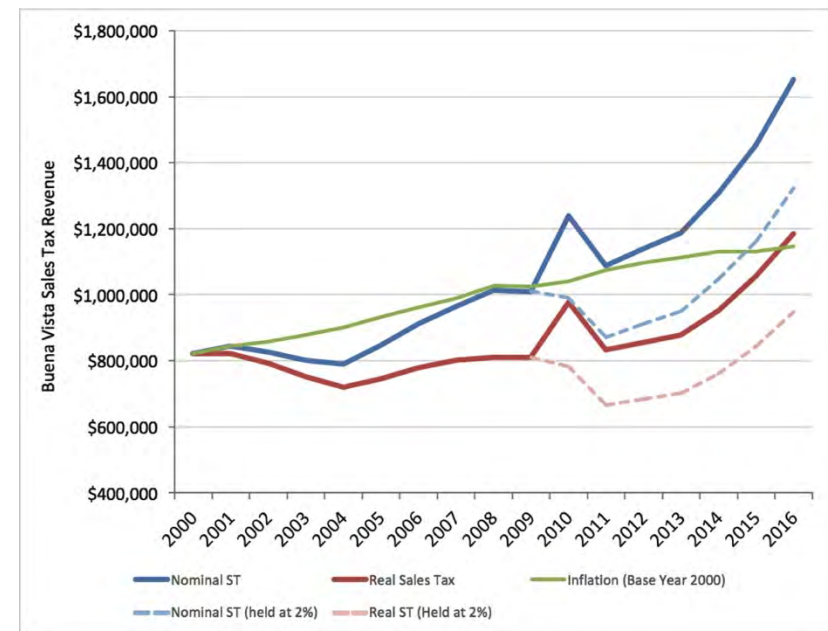
Source: Town of Buena Vista

Figure 9: Sales Tax Seasonality

Sales tax collections more than double from the slowest winter months to the peak of the tourism season in July and August. The reciprocal observation, however, is that from October to

May the assets and business infrastructure that is in place to accommodate the peak summer season is underutilized.

The other trend to note is the sharp increase in sales tax that has occurred over the last three years. The change in sales tax receipts from 2000 is displayed in **Figure 10**. The net receipts, adjusted for inflation is represented by the red line and the dashed red line holds the receipts constant from the change in the sales tax rate in 2010. From 2013 through 2016, there has been a significant increase – averaging 11% per year. This increase indicates that after years of declining retail and restaurant sales (in real terms), the lure of Buena Vista as a tourist destination has taken hold and there is accelerating demand.

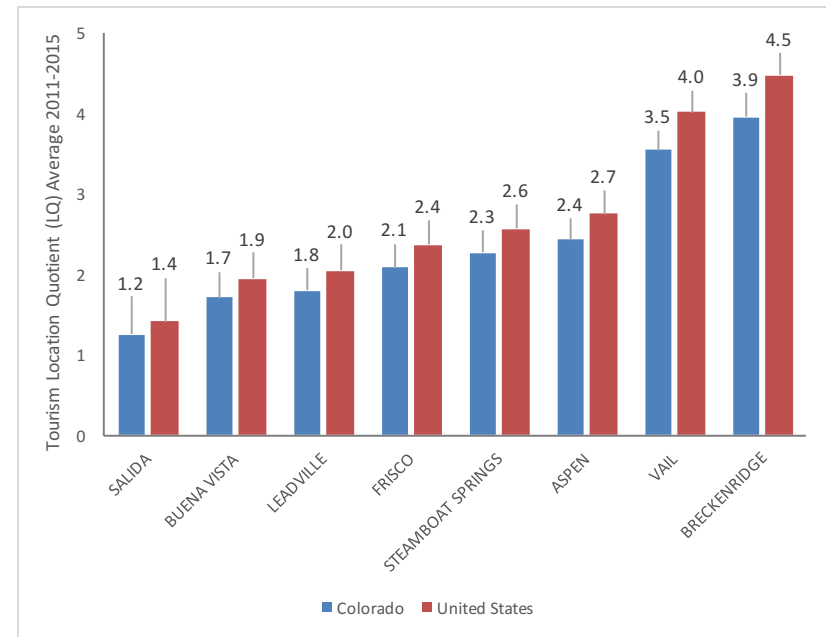


Source: Town of Buena Vista / Bureau of Labor Statistics

Figure 10: Historical Sale Tax Receipts

If tourism were increased during the off-peak season, it would require insignificant additional business investment to generate incremental revenue and profitability to a wide range of tourist-supporting businesses in the Town.

There is evidence that Buena Vista still has significant upside as a vacation destination. The location quotient of tourist-related industries of various mountain resort communities in Colorado is depicted in **Figure 11**. (For a comprehensive discussion of tourist location quotients, see page 49 of the Phase 1 Report.) The data suggests that the ratio of tourism industries in Buena Vista is from 25% to 229% less than in other communities that have strong tourist identities.



Source: ACS 5-Year Estimates

Figure 11: Tourism Location Quotients of Resort Towns

While tourism is not typically a good target industry for economic development because of its lower wages, in the case of Buena Vista, the objective isn't necessarily to create new businesses or even to increase employment but rather to help make existing businesses more profitable. Because the infrastructure is already in place and Buena Vista is already well-established as a tourist destination, with reallocation of existing resources and some extra focus and effort, there could be a benefit for local businesses. In other words, while increasing tourism in the off seasons is not strategically important, it requires much less effort and investment than other initiatives

and has the potential to provide a nice boost for the community's economy.

There are two specific recommendations that have the potential to increase winter and off-season tourism in Buena Vista – Curated Winter Packages and Increasing Linkages with the Mt. Princeton Resort.

Curated Winter Packages.

Buena Vista has good tourist infrastructure (restaurants, retail, hospitality, etc.) in place. The challenge is that this infrastructure is only efficiently utilized for the time period from Memorial Day to Labor Day. Businesses struggle and assets go under-utilized as tourist traffic declines during the rest of the year.

Having more tourist demand during the slower seasons would enable the Town and its businesses to leverage their assets and increase returns without any additional investment. While Buena Vista is widely renowned as a summer vacation destination – with much of the focus being the Arkansas River, its appeal as a winter destination is far less known. Creating a curated winter tour package would advertise all of the different activities that are available in Buena Vista and make it convenient for a tourist to enjoy a wide variety of winter activities without having to spend hours planning the vacation.

A Buena Vista Winter Tour Package could include:

- Fat bike trail rides
- Cross Country skiing
- Snow shoeing

- Remote skiing
- ATV / snowmobile riding
- Craft brewery / distillery / craft coffee tours
- Swimming / hot tubbing at Mt. Princeton
- Skiing at SkiCooper or another resort

For people growing tired of ski resort vacations or families who have been priced out of the market, such a varied and affordable vacation would be very appealing. Working with local vendors to put the packages together, and coordinating the pricing, scheduling and transportation is a tremendous undertaking. Once everything is set up, then the package must be marketed, orders taken and the visits coordinated.

There is a significant amount of work to be done and some investment but the prospects of short-term success are not certain. There would be latency in creating the type of word-of-mouth / social media advocacy that would make the winter tour packages successful. It would be very difficult for a private business to take on such a risky venture with the prospect of low returns for many years. This is an example of a market failure when the returns to private enterprise are insufficient to provide a service that is in the public interest. In such cases, public intervention is required to establish the market.

If the prospects of long-term increases in off-season tourist activity are deemed to be worth the investment, hotel tax and chamber marketing funds could be combined to create the infrastructure to administer the program.

Increase Linkages with Mt. Princeton

Mt. Princeton is a tremendous community asset – bringing thousands of visitors to the area every year. While the resort is self-contained and guests could comfortably spend their entire time eating, sleeping, recreating and relaxing all within the confines of the resort, many guests wish for some variety in their stays. Resort staff indicates that there has been an increase in the number of guests at the resort who venture out to visit local communities. With the resort being nearly equidistant between Salida and Buena Vista, however, the Town is splitting this economic benefit.

With its unique retailers, art establishment, craft brewery and coffee shops and its live music scene, Buena Vista has much to offer guests of Mt. Princeton. The key is in communicating to the guests what is available in the Town. Creating package deals, tour buses or co-marketing the Town with the resort could lead to greater visitation from the resorts guests. This is another way to better utilize existing tourism infrastructure and increase the Town's prosperity. The pattern is well-established in Colorado with many ski resorts enjoying fruitful, symbiotic relationships with nearby towns. The interaction and co-marketing of the resorts and towns creates mutual benefits.

As with the curated winter tour packages, there would be significant coordination and effort required to work with Mt. Princeton to determine how to collaboratively market to their guests to enhance their vacation experience. Different options like shuttle buses and recreation packages should be evaluated.

Conclusion. Summer tourism has been a vital lynchpin of Buena Vista's economy for years and since 2013 has shown remarkable growth. Buena Vista is becoming increasingly popular as a summer tourism destination and every year more people are becoming aware of all it has to offer. Winter tourism is also increasing rapidly but is less than half of the level of the summer months. It is recommended that the current utilization of Buena Vista's room tax be evaluated along with other business promotion and marketing efforts. If feasible, these resources could be combined to initiate an effort to create curated winter tour packages and to collaborate with Mt. Princeton on co-marketing initiatives.

Local Advocate / Champion. Buena Vista has the benefit of having a globally-recognized expert in outdoor industry marketing in its midst. After working in management for Patagonia, Dan Robertson relocated to Buena Vista where he runs Outdoor Business Pros, which provides marketing and business consulting for the outdoor industry. Mr. Robertson's work has taken him all over the world, including recent trips to Africa. Mr. Robertson would be an excellent advocate for increasing off-season tourism in Buena Vista because of his marketing and operations background and his understanding of the outdoor industry.

Drone / UAS Industry

According to Bloomberg, the global drone (unmanned aerial systems or UAS) industry is projected to grow 32% per year over the next decade and reach \$30B in annual revenues.³³ Goldman Sachs projects \$100B in total market opportunity by 2020.³⁴ By either estimate, the drone industry is poised for explosive growth. New applications for the technology are constantly being discovered with cost savings often in excess of 75% over legacy practices. Some of the areas where significant UAS activity is predicted are:

- Recreation (including racing)
- First-person View
- Aerial photography and Videography
- Infrastructure Inspections
- Surveying and Mapping
- Swarm Intelligence
- Science and Research
- Search and Rescue
- Security and Surveillance
- Precision Agriculture
- Cargo Systems
- Construction
- Mining & Aggregates³⁵

Buena Vista is a good location for UAS testing and training because it has a good airport with little air traffic that would be disrupted by drone flights. Chaffee County has been granted

two Certificates of Authorization for research and testing of UAS. The County is being recognized as a leader in the field of drones and has hosted conferences on the topic. The Chaffee County Economic Development Corporation has been a primary driver behind the County's focus on this industry.

The opportunity is for the County to become a hub of research, testing, training and possibly even development. There exists the possibility to make drone testing and development companies co-tenants in the biotech incubator – thus leveraging the existing infrastructure and proximity to the airport.

Opportunities in recreation are compelling and utilizing drone videography to document kayaking/rafting clients on their river runs would provide opportunities for capturing memorable experiences.

Conclusion. The drone industry is just beginning to 'take flight' and will experience incredible growth over the coming years. Supporting initiatives to bring UAS-related industries to Buena Vista is a path toward bringing vibrant, new economy industry to the area.

³³ <https://www.bloomberg.com/gadfly/articles/2017-01-13/the-drone-industry-crashes-to-earth>

³⁴ <http://www.goldmansachs.com/our-thinking/technology-driving-innovation/drones/>

³⁵ <http://dronenodes.com/commercial-drone-applications/#tab-con-7>

Light Manufacturing – Modular Homes

The current housing market and the costs of construction have created a market opportunity in construction of modular or pre-fabricated homes and other structures. The Farm housing development is utilizing sections that are fabricated out of the state and shipped to the development site to be anchored and assembled. There is a similar trend in hotel construction where individual rooms are manufactured as stand-alone units and then assembled at the construction site.

Global Industry Analysts notes that “Prefabrication is gaining renewed interest in modern day constructions due to the worldwide focus on sustainability as demonstrated by ‘offsite’ and ‘green prefab’ movements. Today, manufactured homes are one of the most sought after forms of affordable housing, with cost savings realized through the streamlined production process rather than government subsidies.”³⁶

The prefabricated home industry has annual revenues in excess of \$8B in the United States and has grown at 5.2% annually over the past five years.³⁷ The \$8B represents less than 10% market share of the overall home building market and the growth rate is almost half of the 9.7% increase of the overall market. Thus while total revenues are growing, the market share of prefabricated homes is decreasing annually. Nationwide, the industry is under pressure from lower construction costs and is facing stiff pricing pressure.

The pre-fabrication model relies on efficiency gains from manufacturing techniques and economies of scale and construction not being subject to the vagaries of weather. On-site construction times are greatly reduced. Shipping the finished sections raises transportation costs but by less than the overall production cost savings.

There are high barriers to entry into the industry as a production facility, cranes, tools and equipment must all be secured. There is significant complexity in the design of the buildings to accommodate individual adaptations and developer preferences along with building codes of each municipality into which the units are shipped.

Aside from the population growth of the State, one of the primary causes of the housing shortage in Colorado is the scarcity of skilled trades persons. While manufacturing homes at a central location and eliminating transit times between sites increases the efficiency of workers, the manufacturer would still need to attract and retain workers in a very competitive labor market. This would pose an especially significant challenge in Buena Vista because there are very few with trade skills who reside in the area so most of the workers would need to be recruited from outside of the area. With such high demand for workers in the construction trades and correspondingly high wages, in order to attract workers away from the Front Range or other locations higher wages would need to be offered. Controlling labor costs is one of the primary success factors of manufactured homes as it is one of the most significant cost

³⁶ <http://www.strategyr.com/pressMCP-1066.asp>

³⁷ IBIS World Industry Reports

drivers. Typically, manufactured home producers practice wage arbitrage by locating in areas where the lower cost of labor more than offsets the cost of transportation. Buena Vista would appear to have neither the advantage of low labor costs nor low shipping costs by virtue of proximity to major markets.

Conclusion. There is a potential market for modular homes and hotels in Colorado – in particular as an answer to the statewide housing shortage. A home manufacturer in Buena Vista could answer this demand and create jobs. The area faces significant challenges as it is remote from material suppliers and has a very shallow local skilled labor pool from which to draw. Buena Vista has very few manufacturing enterprises so the expertise to run the operation would need to be largely imported.

Housing

The shortage of affordable housing has been discussed and documented ad nauseam. From analysis documented in the Phase 1 Report, it is evident that there is inadequate housing supply at more levels of the market than just the low end.

The advent of The Farm housing development with its variety of pricing points will have a significant impact on the housing situation. Orders are currently being taken for homes to be built with models ranging from \$190K to almost \$400K. Any pent-up, residual demand in the market can be filled with a completed home within six months.

There are other steps that can be taken to make the housing market more efficient and increase capacity. A more efficient market will lead to a reduction in the cost of construction and a corresponding drop in the prices of homes.

Some steps to consider include:

- Accommodating Accessory Dwelling Units (ADUs)
- Revisit Land Use Code to allow for greater density for affordable housing
- Speed permitting process
- Revisit fees for affordable housing
- Encourage mixed-use developments

Most of these steps are within the purview of the Town. Encouraging ADUs, for example, could be accomplished with a review of policies and regulations that govern new ADU construction and then creating a stream-lined procedure.

As part of the process of updating the Town's building codes, there should be a specific review of those codes that pertain to the preceding topics that affect the ease and profitability of building affordable, higher-density housing.

Other Initiatives

Empower EVAB Board

As a community, Buena Vista is a remarkable case study of doing things right. The Town is a great example of a community where its residents are passionate, engaged and dedicated to making a difference. Ironically, that same community spirit is at the heart of one of the biggest challenges the community faces – disparate individuals and organizations pursuing incongruent objectives. Having one organization that coordinates the efforts of the various civic boards and creates a one-stop clearinghouse for information and direction would be enormously helpful in making sure that all civic efforts are aligned and synergistic.

Increasing the interaction between and leveraging the capabilities of the Chaffee County Economic Development Corporation would be one of the primary benefits of having a strengthened EVAB Board.

Community Coffee

Another way to bring alignment and increase reciprocal support is to host weekly ‘Community Coffee’ events where different organizations can communicate about their events and efforts and make requests of the community. This idea is borrowed from Lake County where these weekly gatherings have become a bedrock of the community’s efforts to work together.

Creating a forum for the business community, civic organizations and the schools to come together would address many of the concerns about communication and coordination that were raised during interviews and the public meetings.

Emphasize Live Music

Is it often hard to define what gives a certain city or town verve – an indescribably energy and charisma that sets it apart and makes it irresistible. The key is that it can’t be manufactured – it has to be authentic. Those places that conjure that magic succeed and prosper to a degree not possible for the unimaginative, plodding imitators.

Buena Vista already registers high on the ‘verve spectrum’. The Town has a well-developed sense of identity and has created a unique place. The role of live music has been a key component of this identity and recognizing that influence and strengthening its centrality to the Town’s culture will pay great dividends.

‘Business Friendly’ Analysis

During interviews with stakeholders and key business and community leaders, it was not uncommon to hear concerns about the ‘difficulty’ in working with the local government and the burdens imposed by regulations. These concerns are voiced in every community and often represent misunderstanding of the need for regulation and the time and expense in providing key public oversight. In some cases, the cost of regulations and timeliness of approvals are not in keeping with best practices.

By conducting a ‘Business Friendly’ analysis the Town can establish if its processes are within acceptable benchmarked standards. If benchmarks are being hit then the results should be communicated to the community to create awareness. If the benchmarks are not being achieved then process improvements can be initiated to make the processes more efficient.

Child Care

Increasing workforce participation is a key way to address the tight labor market while not exacerbating the housing shortage. Anecdotally, there are reports of individuals who would like to enter the workforce or increase the number of hours worked but are unable because of the inadequacy of current daycare options. Helping address this market failure would provide important benefits to the community.

Enhance Branding

The Town has recently undergone a re-branding initiative. The slogan/tag-line for the Town is “Surround Yourself With What Matters.” A new logo for the Town has also been created, among other branding elements. These elements are essential to the overall identity of the Town. The Town is beginning to establish a clear vision of who it is and what it’s known for.

As Buena Vista continues to see upward trends in its tourism-related indicators (sales tax, tourism jobs etc.) and new development continues to occur in and around Town, the need for a firmly established brand is crucial to the long-term economic vitality of the Town. The Town’s brand/identity should be a guiding factor for future development.

Chaffee County has been responsible for most of the tourism-related marketing for both Salida and Buena Vista. The County’s marketing team has produced notable video productions that have helped tell Buena Vista’s story. Now that the Town has established its logo and slogan, additional marketing collateral is needed to increase tourists’ awareness of the Town. This

marketing collateral must be creative, exciting and should be up-to-date with current marketing trends. For example, a video may be created that incorporates both aerial and ground footage of the Town, people engaged in popular activities (rafting, kayaking, hiking, fishing, etc.), its natural assets (Collegiate Peaks, Arkansas River) and its businesses (restaurants, bars, coffee shops, craft shops etc.). The video should incorporate various motion graphics that aid in telling the story of the Town.

Better City’s marketing team has produced branding and marketing videos for other communities. An example can be found at (www.meekeradventure.com).

Additional marketing collateral/modifications that would help further establish the Town’s identity include: an updated website with videos and images of Buena Vista, increased search engine optimization (SEO) to target specific types of tourists, and social media boosted advertisements that incorporate videos and images specific to Buena Vista. Essentially, the Town must further engage in a detailed digital-marketing campaign that clearly relays the Town’s brand/identity.

Orpheum Theatre



5 | Input from Public Meetings

Public Forum

A public forum was held on Monday, April 24th, 2017 at the Buena Vista Community Center to present a summary of the Phase 1 Report prepared by Better City. There were approximately 14 individuals in attendance at this meeting which included Town officials, employees and local residents. The level of participation was surprisingly low considering the amount of community passion and involvement evident from the stakeholder interviews. There are a number of possible explanations – the notifications and advertisements weren’t successful in reaching potentially interested residents / there was a conflict with other activities that night, or the community is beginning to face consultant-fatigue from the many studies that have been conducted recently. With the Comprehensive Plan, Community Trails Plan, Broadband Study and now the Economic Assessment all being conducted within two years of each other, the community may be reaching a point of exhaustion from working with consultants. There were several comments during the stakeholder interviews that followed a theme of “What? Another group of consultants interviewing me about the Town?” To the extent this is a prevailing sentiment, it could account for the sparse attendance at the Community Forum.

During the Community Forum, the Phase 1 Report was presented and discussed. The public was then engaged in an

interactive digital survey to solicit their views on the following topics/questions with regard to the Town of Buena Vista:

- What are the biggest strengths?
- What are the biggest weaknesses?
- What are the biggest opportunities in terms of community, economic and workforce development?

After the responses were displayed, there was a discussion about the key points and participants explained their answers and further amplified on their reasoning.

Strengths & Weaknesses of the Town

Table 5 and **Table 6** outline the strengths and weaknesses, respectively, of the Town as identified by those in attendance at the public forum. (Attendees were encouraged to provide as many responses as they wished to each question.)

Frequency	Town Strengths:
2	Community
2	Determination
2	Natural Beauty and Assets
2	Small town lifestyle
1	Citizen participation and engagement
1	Outdoor Lifestyle
1	Valley surrounded by beautiful mountain ranges
1	Volunteerism

Table 5: Town Strengths as Outlined in the Public Forum

Frequency	Town Weaknesses:
2	Limited Employment Options for Graduates
1	Ignorance and fear of diversity
1	Affordable house for service residents
1	Dichotomy in old and new creates challenges
1	Poor quality and lack of restaurant choices
1	Division between oldtimers and new residents
1	Change averse
1	Split agendas
1	Cost of living is high
1	Workforce
1	Lack of cultural activities/entertainment options
1	Limited resources
1	Businesses not returning phone calls
1	Poor payrolls

Table 6: Town Weaknesses as Outlined in the Public Forum

Those in attendance were then asked to identify what they see as the major opportunities for the Town as they relate to the three pillars of development: community development, economic development and workforce development. This feedback was grouped into similar themes and the group was asked to rank the specific opportunities in order of which is best for the overall community.

Community Development

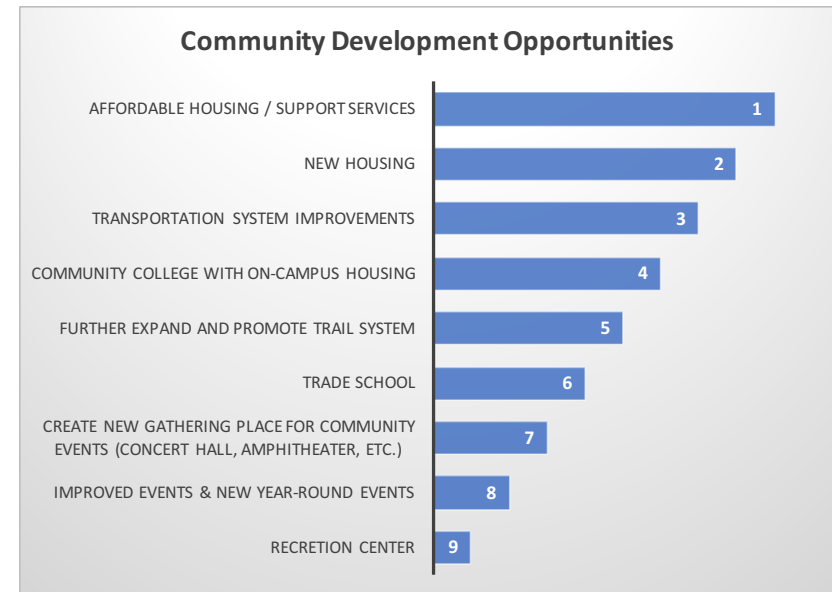


Figure 12: Opportunities for Community Development Identified in the Public Forum

The rankings of opportunities related to community development can be seen in **Figure 12**. The attendees identified the development of new and affordable housing as the top two priorities. According to the group, the third priority is providing improvements to the existing transportation infrastructure such as sidewalks, paved roads, walkable streets and proper signage.

The idea of a trade/vocational school, technical college etc. received significant interest and support, especially the idea of combining the institution with student housing. The goal in creating such a college with housing is to address two of the Town's major weaknesses: lack of short-term affordable housing for summer workers (classes wouldn't be held during the summer), and a shortage in the skilled workforce. The caution

was raised that new graduates may not be retained in Town, thus not satisfying the need for a new skilled workforce.

Economic Development

The rankings of opportunities related to community development are displayed in **Figure 13**.

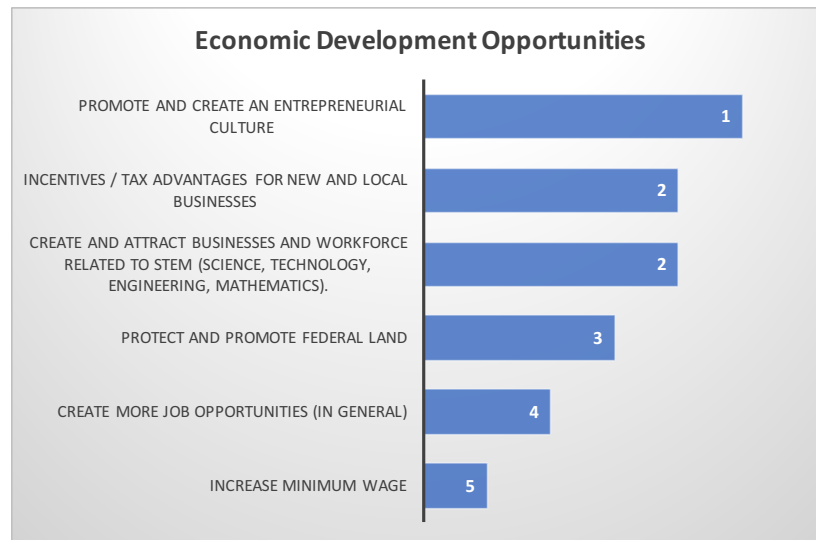


Figure 13: Opportunities for Economic Development Identified in the Public Forum

Creating and promoting an entrepreneurial culture ranked as the top opportunity. Many of the businesses in the Town already exhibit this entrepreneurial spirit as evidenced by the growth in new businesses along East Main Street. The imperative is to help local businesses to continue to grow and innovate, and branding the Town as an ideal location for new and creative businesses.

The second-ranked opportunity, providing tax incentives for new and local businesses, was identified as a way to protect and promote this entrepreneurial culture.

Those in attendance identified the possibility of positioning the Town as an ideal location for businesses and employees related to STEM (science, technology, engineering, mathematics) jobs as the third best opportunity. The technology sector includes many remote or location-neutral workers who may prefer to live in a beautiful mountain Town such as Buena Vista.

Workforce Development

The rankings of opportunities related to workforce development are displayed in **Figure 14**.

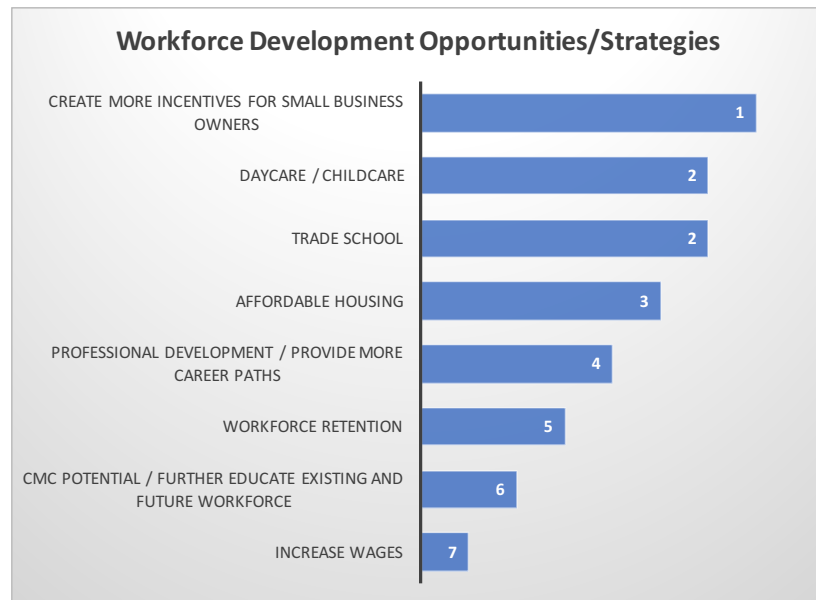


Figure 14: Workforce Development Opportunities Identified in the Public Forum

Targeted incentives for local small business owners was voted as the best economic opportunity. The discussion centered around the possibility of using tax and other incentives as a way to help local businesses expand and create new jobs.

The need for expanded daycare received the second most votes. Better access to quality, affordable daycare would allow parents to work more hours, allow for expansion of the workforce and enable businesses to grow.

The trade school concept was ranked as the third best opportunity because of its potential to both train the existing workforce, and provide new trained employees in the Town. Affordable housing was also brought up again as priority.

Respondents expressed their frustration in trying to attract new workers that can't find affordable housing in the Town and ranked it as the 4th largest opportunity. The lack of affordable housing in the Town is a significant barrier to growth. This problem affects all three pillars of development. The shortage of adequate and affordable housing affects efforts to attract new business, or create a trade school.

EVAB Meeting

A meeting was held with the Town's Economic Vitality Advisory Board (EVAB) on Tuesday, April 25th at the Buena Vista Community Center with six members of the Board and the Mayor present. Participants were given the same polls as the community regarding the Town's strengths, weaknesses and opportunities. After each poll, there was a period of extended discussion where participants were given the opportunity to explain their responses and the group provided input and amplification.

Strengths & Weaknesses

Table 7 and **Table 8** outline the strengths and weaknesses of the Town as identified by the EVAB Board. Respondents were allowed to submit more than one response to each question. Buena Vista's extraordinary sense of community and the way that the Town bands together to was identified by all participants as a singular strength of the community. Other strengths clustered around the surrounding natural environment and the recreational opportunities it affords and the capacity of the people.

The weaknesses that were identified were much more diverse and are not as easily categorized with some being community attitudes while others focus on economic challenges. The fact that there isn't one or even a set of universally acknowledged deficiencies could indicate that the Town's weaknesses are comparatively less malignant.

Frequency	Town Strengths:
6	Sense of community / active volunteers / cooperation
2	Outdoor recreation
1	Entrepreneurial capacity
1	Natural resources
1	Diversity of interest
1	The weather
1	The river
1	Lifestyle
1	Location
1	Colorado Mountain College (CMC)

Table 7: Strengths of the Town as Identified by the EVAB Board

Frequency	Town Weaknesses:
2	Resistance to Change
2	Transient population
2	Lack of professional jobs
2	Seasonality
2	Workforce
1	No revenue source for community college
1	Wide difference of opinions about the future
1	Diversity of businesses
1	Housing costs

Table 8: Weaknesses of the Town as Identified by the EVAB Board

Opportunities

The EVAB board members were asked to rank opportunities in the three areas of development. **Figure 15** displays those opportunities for community development identified by the EVAB, ranked in order of their priority.

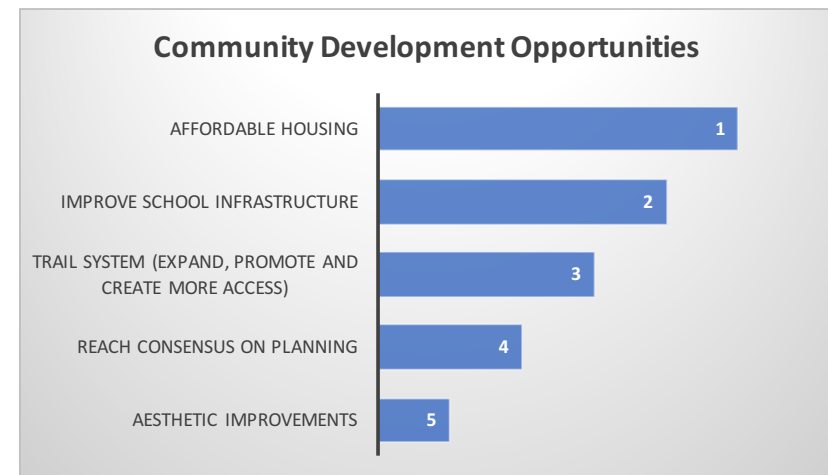


Figure 15: Community Development Opportunities Identified by the EVAB

According to these results, the EVAB recognizes the need for affordable housing and improved infrastructure for the schools as the top two priorities. The need to expand and promote the local trail system was also of high importance. One common observation that has been made throughout the process of meeting with community stakeholders, Town Administration and the EVAB is the need to reach a consensus on planning,

objectives, mission, branding and cooperative efforts to achieve these goals.

The rankings of opportunities related to workforce development are displayed in **Figure 16**. Protecting and promoting existing businesses ranked as the top priority. There was a strong sense that businesses in Buena Vista are dynamic and strong and that by focusing on making these businesses stronger the Town's economy will grow. The discussion around manufacturing and regional exporting also reflected a belief that there is an opportunity for local businesses to expand and have a larger economic footprint.

A trade or vocational school tied for the second-best opportunity. This support mirrors that from the public forum.

Creating more opportunities for professional jobs and focusing on the tech industry were identified as the second and third most promising opportunities respectively. When viewed together, their ranking reflects a predominant view that there a need to grow jobs in STEM industries and that have higher intellectual requirements. The fifth-ranked opportunity – location-neutral / remote workers, and the sixth – research and development are also affirmations of the desire to target higher-level jobs that brings talented, ambitious people to the community.

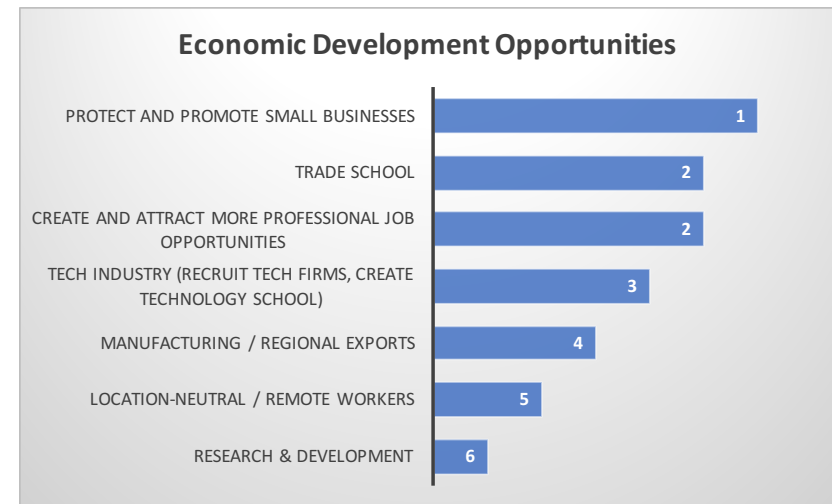


Figure 16: Economic Development Opportunities Identified by the EVAB

The rankings of opportunities related to workforce development are displayed in **Figure 17**.



Figure 17: Workforce Development Opportunities Identified by the EVAB

The opportunities identified for workforce development continued the theme of recruiting or developing a smart, capable and ambitious workforce, recruiting professional employment opportunities and promoting the Town as an ideal location for location neutral workers. The narrative that accompanied the discussion of these top opportunities revolved around the fact that there is a wealth of capable and bright people in the town who are underemployed and not utilizing their full skills. Bringing employment opportunities that afford this untapped human capital to realize higher returns for their efforts would produce significant benefits to the community.

The trade school concept was embellished by the addition of combining it with outdoor recreation. If the school were to offer courses only in the off-season then the student housing could be used to house the seasonal workers who descend upon the Town in the summer.

Conclusion

Responses from both the public forum and the meeting with the EVAB highlighted the interest in affordable housing, new professional job opportunities a trade school. Specific projects discussed in these meetings included:

- Provide economic incentives to local businesses to help them expand their job opportunities
 - Promote and expand the trail system
 - Create a daycare/childcare
 - Engage in active efforts to recruit businesses related to the STEM industries
 - Create a new gathering place for community events
 - Build a Recreation center
 - Transportation system improvements (sidewalks, signage, etc.)
-
- Create or recruit a trade/vocational school
 - Create or recruit a technology School
 - Promote the Town as an ideal location for location-neutral/remote workers